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President Sets Sacrifice Theme in Call For Tax Rise

Citing 'Profound Crisis,' He Targets Companies And Rich Individuals

WASHINGTON — In the face of what he called a national crisis, President Bill Clinton said Thursday that he would propose higher taxes for both corporations and wealthy individuals.

The president told a group of U.S. business leaders that in the interest of fairness, the economic plan that he planned to unveil next Wednesday would include more taxes on both.

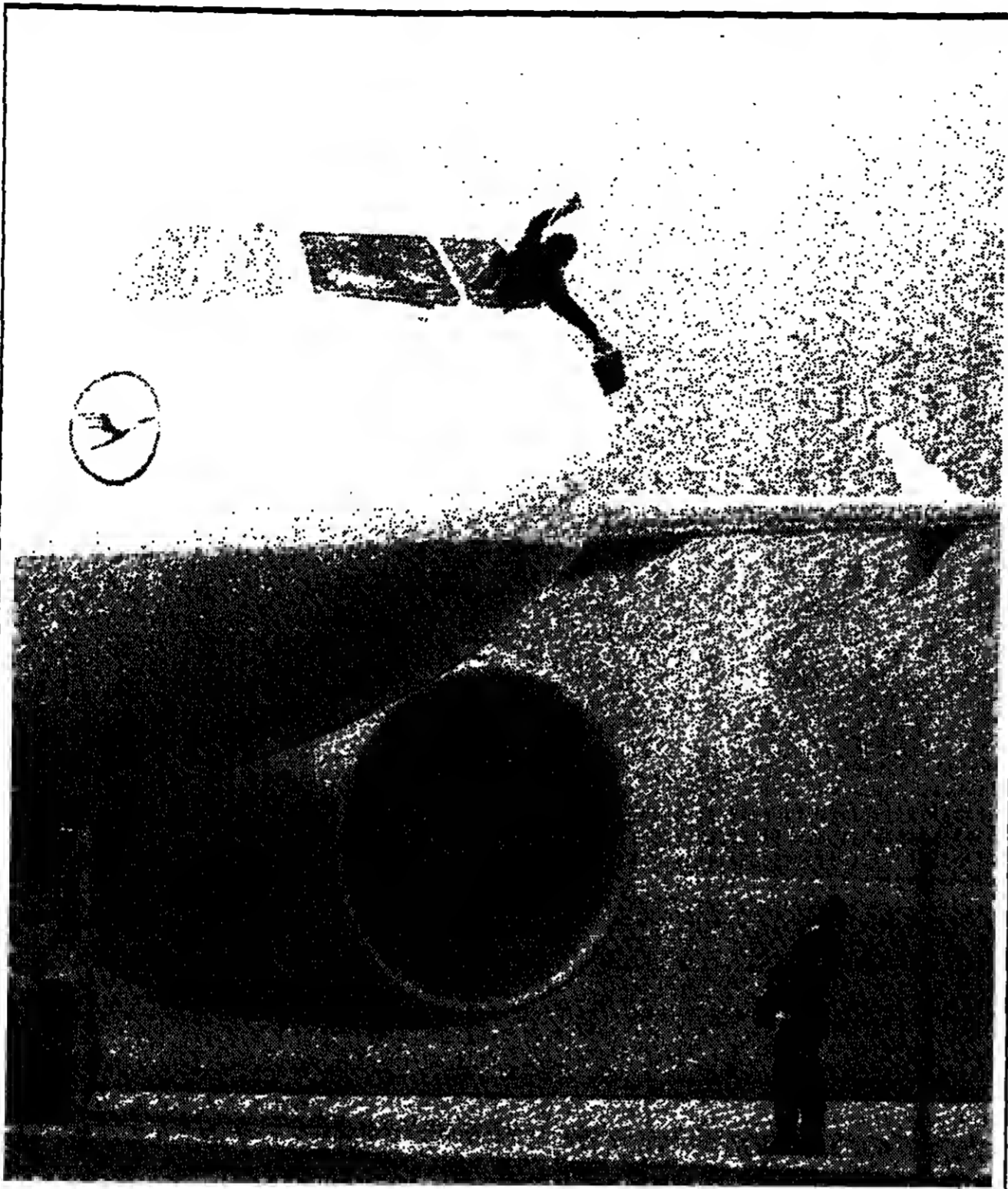
"Today we face a crisis, which, while quieter, is every bit as profound as those we have faced in our past," Mr. Clinton said in the address at the White House.

Clinton meets the public at a "town meeting" and takes some heat. Page 3.

contribution." He added that "everyone will have to pay their fair share" in the sacrifices necessary to improve the economy.

"But if you do," he said, "we will all be better off and the business community will be stronger in the years ahead."

The president said that the business community had "known for years that something had to be done about our deficit."



A FLIGHT UNDER THE GUN — The pilot of a hijacked Lufthansa jetliner receiving flight plans Thursday as the plane, with 104 aboard, refueled in Hammover, Germany, before flying to New York. The jet landed safely and the hijacker surrendered. Page 2.

Clinton Tells Europe: Stop Airbus Subsidies

Tough Statement Signals Support For Troubled U.S. Aircraft Makers

WASHINGTON — President Bill Clinton has thrown down a new gauntlet over trade with Europe by calling on the European Community to "quit subsidizing" its Airbus jetliners.

"I am not going to roll over and play dead," Mr. Clinton bluntly declared, after signaling that unless the EC subsidies ended, Washington might offer more direct government support for U.S. aircraft makers.

A seven-month-old agreement already exists between the United States and the Community over aircraft subsidies, but a U.S. industry source said Thursday that Washington's negotiators were pursuing even lower limits on the subsidies.

Mickey Kantor, the new U.S. trade representative, appeared to underscore Mr. Clinton's position, saying that the White House "has concerns" about the Airbus subsidies and adding: "Clearly, it's something we will raise."

Bosnia Plan Moves Spotlight Off Europe, to U.S. and Russia

For Sole Superpower, Prestige Is on the Line

WASHINGTON — The U.S. plan to resolve the Bosnian conflict puts Washington for the first time at the center of one of the world's most volatile problems, a crisis once viewed as the responsibility of European leaders.

Detractors, however, wondered whether the framework would produce anything more than cosmetic changes in peace proposals produced by United Nations and European Community mediators, which have already been rejected by Bosnian Muslims and criticized by the United States.

Failure to bring an end soon to fighting among Serbs, Croats and Bosnian Muslims could result in further displacement of Bosnia-Herzegovina and spread the conflict into neighboring nations.

Moscow's Central Role: Riding Herd on Serbs

UNITED NATIONS, New York — For the first time since the collapse of the Soviet Union, Moscow is moving into the center of the diplomatic arena as a result of President Bill Clinton's conclusion that Russia can exert significant influence, for better or worse, over the fate of the U.S. plan to end the civil war in Bosnia-Herzegovina.

United States hopes to use its influence with Bosnian Muslims to push them toward compromise, just as it once sought to restrain Israel, while relying on Moscow to bring along the Serbs, just as the Soviet Union was asked to put pressure on the Arabs.

The two international negotiators, Cyrus R. Vance and Lord Owen, are likely to find their diplomatic efforts considerably strengthened by Washington's approach.

A Prosecutor Is 3d Pick for Justice Dept.

WASHINGTON — President Bill Clinton on Thursday nominated Janet Reno, a veteran prosecutor from Florida, to be attorney general and fill the last vacancy in his cabinet.

If confirmed by the Senate, Miss Reno would be the first woman to serve as head of the Justice Department.

Miss Reno, who first came under serious consideration for the job only a few days ago, has considerably more law enforcement experience than Mr. Clinton's first two candidates for the job, both of them women whose selection foundered over criticism of their past hiring of illegal aliens as domestic help.

Royalties

Queen Will Pay Tax, but on How Much?

LONDON — The government announced Thursday exactly what taxes Queen Elizabeth II will be paying in two months' time and in so doing lifted the veil a millimeter or two on a question that has long intrigued the British: How wealthy is she?

Royalties

Queen Will Pay Tax, but on How Much?

the royal art collection, the crown jewels or even two private estates.

Royalties

Queen Will Pay Tax, but on How Much?

of up to 40 percent on her personal income, including investments. But she will not have to pay taxes on money she derives from the so-called Civil List, a state subsidy intended to cover official duties.

Malaysia's 9 Sultans Give Up Privileges

KUALA LUMPUR — Malaysia's nine hereditary rulers agreed Thursday to government proposals to limit their privileges, ending a dispute that had threatened a constitutional crisis.

The sultans, who elect a king among themselves every five years, had unanimously rejected the amendments hours before that special Parliament session began.

Prime Minister Mahathir bin Mohamad had pledged that the government would push ahead with the amendments even if the rulers withheld their consent.

Kiosk

A Record Loss, But GM Is Upbeat

General Motors on Thursday reported a loss for 1992 of \$23.5 billion, the largest in American corporate history. But the company's president, John F. Smith, quickly predicted that an aggressive program of cost-cutting was beginning to yield positive results.

General Motors attributed the loss primarily to new accounting regulations that prompted the company to estimate the future expenses of health benefits for retired workers at more than \$20 billion, as well as a \$1.4 billion provision for 1992.



WALK OF LIFE — A Somali girl hauling water in Bur Hacaba village, which has become a center for relief efforts.

General News Pakistanis seek suspect in CIA deaths. Page 3. Iran, on its anniversary, condemned the world's attitude. Page 5. A study says illegal immigration is widespread in the United States. Page 3. Maurice Bourgeois-Magnouy, an ex-French prime minister, died. Page 2.

Table with financial data: Dow Jones (Up 10.27), Trib Index (Up 0.24%), The Dollar (New York, Thrift, close, previous close), Sports (With 365 days to go, little Lillehammer, Norway, is looking decidedly Olympic), Business/Finance (Trafalgar House set a £205 million issue. Page 13. Nine big Chinese firms are going to market. Page 15.)

Hijacker Forces Lufthansa Jet With 104 Aboard to U.S.

All Are Safe as Gunman Surrenders in New York

Compiled by Our Staff From Dispatches
NEW YORK — A gunman whose identity and motives were unclear hijacked a German jetliner with 104 people aboard Thursday and forced it from Europe to New York, where he quickly surrendered.

None of the passengers or crew members was injured.

It was the first trans-Atlantic hijacking in more than 16 years. The incident lasted about 11 hours.

The Lufthansa Airbus A-310 left Frankfurt at 10:45 A.M. on a flight from Frankfurt to Addis Ababa, Ethiopia, with a stop in Cairo. It was hijacked about 45 minutes later over Austria and flew to Hannover, Germany, where it was returned.

German authorities said the jetliner was permitted to take off after about 90 minutes in Hannover because the gunman threatened to kill hostages unless it went to New York. The plane carried 94 passengers and a crew of 10.

The German authorities said the hijacker, who had a pistol, gave assurances he would surrender once he arrived at Kennedy International Airport in New York.

An airport spokesman said the German consulate had told U.S. officials that the hijacker identified himself as a Bosnian and "said he was dissatisfied with the UN decisions and he wanted to talk to some people in New York."

The United Nations headquarters is the site of talks on ending the ethnic war in Bosnia-Herzegovina.

But in Bonn, other German officials identified the hijacker as a 31-year-old Somali. Interior Minister Rudolf Seiters said the man's name was Shuriye Farah Siyad.

Mr. Seiters said that the man had come from Oslo to Frankfurt on Wednesday and that it was still unclear how he had managed to smuggle a gun aboard the plane.

He had a Lufthansa ticket for Addis Ababa that he had bought in Norway, Mr. Seiters said. A spokesman for the Interior Ministry said Mr. Siyad, who carried a Somali passport, was probably seeking asylum in the United States. Norway had turned down his request for asylum.

A U.S. law enforcement source, who spoke on condition of anonymity, said there were reports that the gunman was seeking asylum in the United States. He said the man was 26 and spoke German and English.

The twin-engine jet landed safely in New York at 3:50 P.M. local time and taxied to a remote area of the airport.

The gunman turned his weapon over to the captain and walked off the plane with his hands behind his head. The pilot then held the gun up in front of a cockpit window for the authorities to see.

The hijacker was met by FBI and other law enforcement officials beneath the plane. The passengers were taken away in buses and questioned by New York police officers and FBI agents.

Dozens of FBI agents, police and

Frankfurt Airport Security Comes Under New Scrutiny

By Marc Fisher
Washington Post Service
BERLIN — The hijacking Thursday raises new questions about security at Frankfurt Airport.

Security officials said they had no idea how the hijacker had smuggled a pistol on board. Klaus-Dieter Guentler, chief of air security for the Hessian Technology and Economics Ministry, which until Jan. 1 was in charge of security at the airport, said in an interview that "a pistol is simple to see in the X-ray equipment we use at Frankfurt."

[Germany's Interior Ministry has called for an immediate investigation into security at the airport. Reuters reported from Frankfurt, Klaus Severin, division chief of the Federal Border Police responsible for airport safety, said the investigation had been ordered by Interior Minister Rudolph Seiters. Mr. Severin said both passengers and luggage on the hijacked Lufthansa flight LH 592 had been inspected in Frankfurt. "I am certain the security measures in Frankfurt are not too lax." He could not say whether the airplane itself had been routinely searched before takeoff. Lufthansa would be responsible for these checks.]

On Jan. 1, responsibility for checking passengers and hand luggage at Frankfurt was shifted from local authorities to the federal border police. Other German airports elected either to retain local con-

Needs Will Influence Cuts, Aspin Says

WASHINGTON (AP) — Defense Secretary Les Aspin reassured the U.S. defense industry Thursday that budget cuts would be made on the basis of military needs and not simply to reduce the deficit.

Mr. Aspin also told members of the American Defense Preparedness Association that the responses of the four services on how to cut \$10.8 billion from the fiscal year 1994 budget had been "very, very constructive."

In his first speech since taking office, he said that the Clinton administration's plan to slice \$60 billion from defense spending over the next five years "grew out of an analysis of defense needs, not simply a calculation of what we needed for deficit reduction." He said the total outlined by the services earlier this week at his request was not a bottom-line figure. Items will also be added to the budget, he said, and the final reduction figure "is certainly not going to be as big as this gross cut."

Yeltsin and Rival Air Differences

MOSCOW (WP) — President Boris N. Yeltsin and the speaker of the Congress of People's Deputies, Ruslan I. Khasbulatov, held talks Thursday on resolving a constitutional dispute but failed to agree on how to divide political power.

The hour-long Kremlin session was the first substantive meeting since December between Russia's two most powerful politicians. It followed Mr. Yeltsin's call for a truce that would preserve the current balance of power between the executive and legislative branches and postpone a referendum on constitutional change that has been scheduled for April 11.

France Expands Its Office in Taipei

TAIPEI (AFP) — France is upgrading its office in Taipei two months after angering China with a fighter jet sale to Taiwan, with the new representative saying Thursday that visa-issuing powers and a press bureau would be added.

"Taiwan is a reality which cannot be ignored, especially when it's so successful in making itself an economic power," said the representative, Jean Paul Reau, director of the French Institute in Taipei. The institute previously handled mainly cultural and scientific exchanges. The countries do not have diplomatic relations.

Unlike his two predecessors, who were retired diplomats, Mr. Reau retains his active status at the French Foreign Ministry. He said there had been no change in France's policy toward China, but he added that other "adjustments" would be made as relations between France and Taiwan improved.

Drug Trade Shifts to China and India

BANGKOK (AFP) — Heroin syndicates are now using China and India, not Thailand, as their primary transit countries to smuggle heroin to the West from the so-called Golden Triangle poppy-growing area, a Thai drug official said Thursday.

The main Burmese section of the triangle, which covers the border areas of Burma, northern Thailand and Laos, produces about 185 tons of heroin annually, according to U.S. State Department estimates.

Narong Suwanapim, deputy secretary-general of Thailand's Office of the Narcotics Control Board, said that the smuggling routes were now through Burma to China and India.

For the Record

Two men suspected of robbing sleeping passengers on French night trains for more than two years have been arrested, rail officials said Thursday. A state railroad spokesman said the two, arrested in the Marseille region late Wednesday, were thought responsible for hundreds of thefts from trains between Lyon and Marseille. (Reuters)

Balkan Factions Welcome U.S. Plan

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina — Warring sides in the former Yugoslavia gave a general welcome to the United States' new commitment to trying to negotiate an end to the civil war in Bosnia.

The government of the rump Yugoslav federation, which consists of Serbia and Montenegro, welcomed Washington's initiative but said it regretted the U.S. threat of more sanctions against Belgrade.

"The Yugoslav government regretfully notes that the U.S. secretary of state continues unjustifiably to threaten to tighten sanctions against Yugoslavia," the leadership said in a statement reported by the news agency Tanjug.

President Alija Izetbegovic, leader of Bosnia's Muslims, put a positive spin on the U.S. plan, which names a special envoy to peace talks, supports tougher sanctions against Serbia and the establishment of war crimes tribunals, and includes a greater U.S. commitment to ensuring humanitarian aid.

"Having a representative of the United States brings pressure for a better understanding of our problem in Bosnia-Herzegovina," Mr. Izetbegovic said.

"I think that Americans have a better understanding of what a multicultural community is, better than the Europeans have," he said. "National rights are better understood in Europe, and human rights

are better understood in America." But Mr. Izetbegovic acknowledged that President Bill Clinton had considered and rejected the one demand that the Bosnian government has continually made — an end to a general arms embargo so that Bosnia can buy weapons to fight the Serbian rebels.

On that, Mr. Izetbegovic said bitterly, "nothing has been changed, mainly due to our European friends."

In Ankara, the Turkish foreign minister, Hikmet Cetin, said the U.S. initiative was "important but incomplete," without any provision for military force should diplomacy fail.

"To be effective, it would have to legitimize the use of force should peaceful attempts fail," he said.

Manfred Wöner, secretary-general of the North Atlantic Treaty Organization, welcomed the U.S. commitment to "engage actively and directly" in ending the conflict.

Mr. Wöner said that he was particularly pleased that Mr. Clinton was ready to help enforce any agreement and that he had warned the Serbs about extending the conflict into other areas of former Yugoslavia or the Balkans.

The 12-nation European Community, which has been trying to broker peace agreements, was also believed that the United States had taken a more active role.

(Reuters, AP, AFP)



Reginald Bartholomew, the new U.S. envoy to the Bosnia talks, will hold discussions in Moscow.

Bosnia Bars Aid Effort In Sarajevo

New York Times Service
BELGRADE — Bosnia's government has notified the United Nations that it will not allow further deliveries of humanitarian aid into the capital, Sarajevo, out of solidarity with more than 100,000 Bosnians trapped by Serbian forces in the eastern part of the former Yugoslav republic, UN officials said Thursday.

"They are not permitting any aid to be distributed," said José Maria Mendiluce, a UN refugee official. He said that officials in the northern Bosnian city of Tuzla were threatening to mount a similar blockade.

"The people in Sarajevo and Tuzla are desperate because they know that thousands of people are preparing to leave eastern Bosnia because they are under attack," Mr. Mendiluce said. "They want us to reach these locations, they are making pressure and I think they are right to make pressure."

Mr. Mendiluce blamed the Serbs for not allowing the UN aid convoys to enter Cerska, Kamenska and Zepa and other areas.

In Sarajevo, Muslim Slav forces loyal to Bosnia's government are fighting in one of the fiercest rounds of fighting in weeks with the rebel Serbs, news reports said.

RUSSIA: Central Role for Moscow

(Continued from page 1)
 The peace talks, but also vowed to "keep the pressure on for an early agreement on a comprehensive peace settlement in the context of the discussions already under way in the Security Council."

Mr. Bartholomew said he would travel to Moscow on Friday for talks "to develop and maintain the cooperative relationship that is important to this issue."

The fact that any deal the Clinton administration helps to broker is unlikely to be very different from the Vance-Owen plan was made clear in Moscow on Wednesday when Deputy Foreign Minister Vitali I. Churkin urged the Security Council to approve the plan and end the embargo on the rump Yugoslav federation of Serbia and Montenegro if the plan is accepted by all.

"We have only two hopes in this situation," Mr. Churkin said. "One is Cyrus Vance and the other is Lord Owen."

By sending Mr. Bartholomew to Moscow and by telephoning Mr. Yeltsin on Wednesday before the U.S. plan was unveiled, Mr. Clinton has asked Moscow to use its

Craxi Resigns As the Leader of Italy's Socialists

Reuters
ROME — Former Prime Minister Bettino Craxi resigned Thursday as leader of Italy's Socialists over a corruption scandal that has rocked the government.

"My mandate has expired and is formally at your disposal as of today," Mr. Craxi said at a party assembly. "I pledge my full support for the future party secretary."

Mr. Craxi, who was prime minister from 1983 to 1987, is under scrutiny by Milan magistrates investigating a political bribery scandal.

"New leaders and a new political generation must take over the party," he said, adding that he wanted to devote all his time and energy to fighting the case against him.

The scandal has affected all the leading political parties but has particularly serious repercussions for the Socialist Party, of which Prime Minister Giuliano Amato is a member.

U.S.: Bosnia Policy Puts American Prestige on the Line

(Continued from page 1)
 backers as aggressors, the administration's proposals appear meant to give pause not only to the Serbs but also to the Bosnian Muslims.

The Serbs were cautioned to beware of American wrath, a warning conveyed in the calls for war-crimes investigations, enforcement of a no-flight zone over Bosnia and tighter economic sanctions. Mr. Christopher also went out of his way to warn Serbia away from Kosovo and Macedonia, where Serbs have territorial ambitions.

At the same time, Bosnian Muslims were given notice that the United States intends to work within the framework of the mediating process begun by Cyrus R. Vance, the UN negotiator, and Lord Owen, the European Community mediator.

Muslims have rejected the Vance-Owen plan, which calls for the division of Bosnia into 10 semi-autonomous regions and which would give 40 percent of Bosnian territory to ethnic Serbs. The Serbs have yet to agree fully to the plan.

The administration has criticized the results of the Vance-Owen initiative as rewarding Serbian aggression,

SACRIFICE: Tax Boost Planned

(Continued from page 1)
 on Thursday, John Sculley, chairman of Apple Computer Inc., one of several business leaders who had a separate meeting with Mr. Clinton, said the president indicated he would propose an "energy tax in some form."

The president also said he would propose some mechanism to ease the burden on the neediest, Mr. Sculley said.

Administration officials have said that a gasoline tax is unlikely and that a broader tax on all energy forms was more likely.

Earlier Thursday, Laura D'Andrea Tyson, chairman of the Council of Economic Advisors, stressed the theme of shared sacrifice.

"I think you can safely assume that we're working for a plan that will require some contributions

ROYALS: Taxes for Queen and a Hint of Her Wealth

(Continued from page 1)
 there was "a unique concern in a hereditary monarchy" that the assets were in danger of being "salamisliced" with the passage of time. This would rapidly erode the independence of the British sovereign, he said.

Mr. Major added that the Prince of Wales was a party to the arrangement and that it would "continue indefinitely," presumably meaning after his accession to the throne.

But the announcement did not mean that the public would ever know the true wealth of the queen. Nor was it revealed how large her taxes would be. Both she and the prince "will have the confidential-

M. Bourges-Maunoury Dies, Led French Government

Reuters
PARIS — A former French prime minister, Maurice Bourges-Maunoury, 78, a key figure in the British-French 1956 Suez expedition, died Wednesday in Paris, friends said Thursday.

Mr. Bourges-Maunoury, a center-leftist in domestic affairs but a hawk on international issues, was France's defense minister when the Egyptian leader, Gamal Abdel Nasser, nationalized the Suez Canal in July 1956.

French historians agree that Mr. Bourges-Maunoury, angry at Egypt's support for nationalist rebels in the Algerian war against French rule, persuaded Prime Minister Guy Mollet that France and Britain should wrest control of the canal back from Egypt.

Bowing to Modern Trends

In another break with tradition, the monarchy said Thursday that it would allow those invited to royal garden parties, including homosexuals, to bring boyfriends and girlfriends, Reuters reported.

Until now, only spouses and unmarried daughters between the ages of 18 and 25 were acceptable companions.

Under the new regulations, homosexual couples will be as free as heterosexual couples to roam Queen Elizabeth's gardens or to line up for a royal handshake.

But only single people may bring companions. A married man bringing his mistress will not be welcome, Buckingham Palace said. Children under the age of 18 will still be excluded.

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TRADE: Clinton Subsidy Warning

(Continued from page 1)
 makers in Britain, France, Spain and Germany. According to the U.S. Department of Commerce, EC governments have provided about \$26 billion in direct support over the past two decades. The EC has contended that Washington has indirectly subsidized its manufacturers with up to \$41 billion worth of aid.

Washington has argued that the European subsidies place U.S. manufacturers at an unfair disadvantage in the marketplace.

There was no immediate response from the White House.

A Boeing official said the company was "definitely pleased" that Mr. Clinton had addressed the general issue of subsidies and added:

ROYALS: Taxes for Queen and a Hint of Her Wealth

It's something we've been pursuing for quite a while now. One aviation industry analyst said he viewed Mr. Clinton's comments as more of an effort to reassure Boeing and McDonnell Douglas rather than as a salvo in an escalating trade war.

"Things are bad at both major U.S. manufacturers, and I'm sure that sending them a supportive message was in Clinton's mind," said Wolfgang Demisch, who covers the aviation industry for UBS Securities in New York. "Boeing has announced production cutbacks, which are expected to lead to 20,000 layoffs within the next 15 months. McDonnell Douglas laid off 9,000 people in '92 and may lay off as many as 4,000 more this year. These are not good times for the industry."

ROYALS: Taxes for Queen and a Hint of Her Wealth

Some specialists calculated that her private investments deemed liable for tax purposes could amount to approximately \$75 million and that the tax bill would be between \$1.5 million and \$3 million a year.

At a press conference, Lord Airie, lord chamberlain and head of the queen's household, sought to knock down gross exaggerations of her wealth, saying that she had authorized him to debunk "wild estimates."

She is reputedly one of the world's richest women, and some estimates of her wealth, including national treasures, run as high as \$10 billion. But Lord Airie asserted that estimates closer to \$100 million were "grossly overstated."

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FIRST 100 DAYS / GOING TO THE PEOPLE

POLITICAL NOBLES

In Survey, Clinton Rating Varies With Issues

SOUTHFIELD, Michigan — President Bill Clinton can build a strong base of voter support when he focuses his agenda on health care, a strong foreign policy and tough measures to reduce federal spending, according to the reactions of independent swing voters who watched his town meeting.

The electronic survey of 43 voters gathered here found, however, that voter consensus begins to erode when attention is shifted to allowing homosexuals in the military, raising taxes on the middle class and Hillary Rodham Clinton's prominent role in formulating health-care policy.

Each participant was given a dial, with a range of zero to 100, to record approval or disapproval of Mr. Clinton's comments on Wednesday night. Setting the dial at 50 was a sign of neutrality, moving it toward zero signified disapproval and toward 100 meant approval.

The white group was picked to be a representative sample of swing voters who had only weak allegiance to either political party.

During Mr. Clinton's answers to questions about health care, Haitian refugees, the Balkan conflict and fighting crime, the cumulative average of all the electronic meters shot up to higher than 60, and in some cases higher than 70. But during his answer to a question about lifting the ban on homosexuals in the military, the average rating fell to 38.

The white group was picked to be a representative sample of swing voters who had only weak allegiance to either political party.

Talk to Denis, Ex-Thatcher Aide Tells Hillary

LONDON — Hillary Rodham Clinton is the "unacceptable face of nepotism," and could take a lesson from the British on how a leader's spouse should behave, Margaret Thatcher's former press secretary said Thursday.

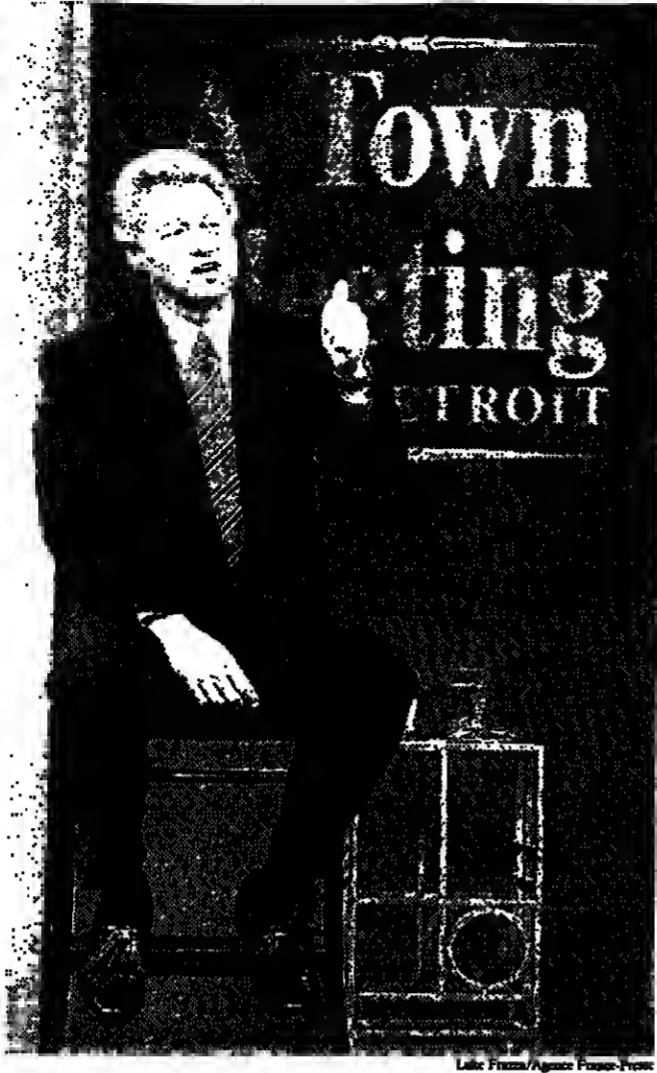
Mrs. Clinton "is a menace to able, gifted women who have much more to contribute to their nation — and ours — in their own right," Sir Bernard Ingham said in a weekly column he writes for the tabloid Daily Express.

"She is riding on the back of a man," he wrote. "She should get herself elected, or have a serious talk with Denis Thatcher. He knew how to behave."

Lady Thatcher was the British prime minister from 1979 to 1992. During her tenure, her husband, Denis, a retired oil executive, was portrayed by satirists as a henpecked husband who liked to slip away to play golf and drink with friends.

Quote/Unquote

President Bill Clinton during his televised town hall meeting in Southfield, Michigan: "Now we're on the economy, and that's where we ought to stay."



President Clinton making a point during the meeting in Michigan.

Old Format, New Role for Clinton

By Ann Devroy Washington Post Service

SOUTHFIELD, Michigan — Using a favorite campaign forum of televised town hall meetings, President Bill Clinton found himself pressed sharply by questioners from across the country on possible tax increases on the middle class, homosexuals in the military and his handling of the search for an attorney general.

The first two questions to Mr. Clinton on the nationally televised, hour-long meeting Wednesday night implied that he was reneging on his campaign promises in considering middle-class tax increases, and not doing enough to cut the budget deficit. At the end, there was an angry accusation that he had abandoned his campaign pledge to allow Haitian refugees into the United States to make their appeals for political asylum.

In between, a stream of anxious Americans, their questions live from a studio audience here and by satellite from Miami, Seattle and Atlanta, hit the new president with appeals to help them on health care, job creation, crime and other problems. He was asked to save Homestead Air Force Base in Florida, approve a balanced-budget amendment, save the middle class from more taxes and quickly reduce the deficit.

Kane Raphin of Atlanta reminded the president that he had favored a middle-class tax cut during the campaign and wondered if he would stick to it. Mr. Clinton said he had refused to be "irresponsible" and make a flat, no-new-taxes pledge, as President George Bush had done, and said he had found the deficit worse than he thought.

"I cannot tell you I won't ask you to make any contribution" to the sacrifices necessary to improve the economy, he said. "I have to be honest." He said he could engage in the "smoke and mirrors" of the Republican years and disguise the problem but opted to act responsibly.

In assembling the economics package he will announce next week, Mr. Clinton said, he

would ask the wealthy to pay more, increase corporate income taxes and take other steps aimed at those more able to pay. But aides have suggested Mr. Clinton's plan will include an energy tax, an increase on the amount of taxes some pay on Social Security and other revenue-raisers that affect the middle class.

Mr. Clinton defended his plan to lift the ban on homosexuals in the military. He said he was "appalled" that he had to spend so much time on the issue in his first weeks. The president insisted that it was Republicans who forced the issue, although it was a Democrat, Senator Sam Nunn of Georgia, who had created the first roadblocks to his plan.

The program offered the nation a new look at Mr. Clinton, as the occupant of the Oval Office and accountable for solving the nation's problems.

Mr. Clinton's considerable skills in the town-meeting format were on display. Comfortable even when pressed, he expressed sympathy for the personal losses the conservative voters with their troubles and laughed with their humor. He made no policy mistakes, even if his descriptions of his policies sometimes stretched candor.

Before the show began, Paul Begala, the campaign aide who has been enlisted to help smooth out the bumps in Mr. Clinton's rocky start, said that he expected the audience would ask about only "jobs, jobs, jobs." Exulting in seeing the president in a campaign mode, out of Washington, Mr. Begala said: "We're back out here. This is where we should be."

The forum was a chance to escape what Mr. Clinton was a Washington view of the world unlike the rest of America's. But the questions, in fact, sounded like those he might get inside the Beltway.

One questioner even assailed him on not doing enough on Bosnia, the only true foreign policy query in an hour filled with domestic issues.

health care issue, although he again pledged a health care proposal within 100 days.

Said he would work toward some kind of gun control legislation at the federal level.

Denied that he had dropped a U.S. district court judge, Kimba M. Wood, as his nominee for attorney general after revelations that she employed an undocumented worker. Mr. Clinton agreed that Judge Wood had not broken the law by hiring the baby sitter but denied he had ever sired on her as his candidate for the post. Administration officials have said Mr. Clinton was prepared to offer the job to Judge Wood.

The hour-long program offered the nation another new look at Mr. Clinton — no longer a candidate who could blame Mr. Bush for everything wrong in the country, but as the occupant of the Oval Office, accountable for solving the problems and for statements he made to get elected.

Mr. Clinton's considerable skills in the town-meeting format were on display. Comfortable even when pressed, he expressed sympathy for the personal losses the conservative voters with their troubles and laughed with their humor. He made no policy mistakes, even if his descriptions of his policies sometimes stretched candor.

Before the show began, Paul Begala, the campaign aide who has been enlisted to help smooth out the bumps in Mr. Clinton's rocky start, said that he expected the audience would ask about only "jobs, jobs, jobs." Exulting in seeing the president in a campaign mode, out of Washington, Mr. Begala said: "We're back out here. This is where we should be."

The forum was a chance to escape what Mr. Clinton was a Washington view of the world unlike the rest of America's. But the questions, in fact, sounded like those he might get inside the Beltway.

One questioner even assailed him on not doing enough on Bosnia, the only true foreign policy query in an hour filled with domestic issues.

Away From Politics

The American Medical Association expressed support for experimental abortion-to-human liver transplants, countering a doctors group that promotes alternatives to research involving animals. "The human donor pool is not meeting the needs of the ill and dying," Roy Schwartz, the AMA's senior vice president for medical education and science, said in Pittsburgh. "While recent attempts at animal transplantation have brought mixed results, it is imperative that medicine continue to explore and evolve ways to save human life."

NASA says it flew eight shuttle missions since March 1992 without proper inspections because of an equipment mix-up. The mix-up — a related paperwork problem — have forced the space agency to delay the next shuttle flight, and possibly the one after that.

A man was killed after apparently tripping a shotgun booby trap he had set to protect marijuana plants in his garage, the police said in Sumpter Township, Michigan. Kenneth Sutherland, 38, bled to death from a thigh wound.

Los Angeles officials have agreed to changes in hiring and personnel practices to assure that gay and lesbian police officers and other city workers are not harassed or discriminated against. The settlement also calls for the reinstatement of a former police sergeant, Mitchell Grobeson, and the payment of \$770,000 in damages to him and two other officers who joined him in filing the lawsuit against the city.

The New York Post has a new editor — the columnist Pete Hamill. Steven Hoffenberg named Mr. Hamill to the job the same day a federal judge asked Mr. Hoffenberg to postpone his purchase of the tabloid from Peter S. Kalikow. The sale is scheduled to become final early Friday.

A New York appellate court ruled unanimously Wednesday that New York City may not demolish the Naumburg Bandshell, a bit of history in the center of Central Park that city officials said has become an obsolete, dilapidated nuisance.

Mystery Grows as Pakistanis Seek Suspect in CIA Killings

Compiled by Our Staff From Dispatches

QUETTA, Pakistan — The prime suspect in the shooting deaths of two CIA officials in suburban Washington returned home to Pakistan after the killings but disappeared Sunday and may have slipped into Iran, Pakistani security officials said Thursday.

The suspect, Mr. Aimal Kans, 28, has been charged in the United States with murder in the Jan. 25 killings outside the Central Intelligence Agency's headquarters in Langley, Virginia. The program gave many Pakistani direct or indirect relationships with the agency, inevitably involving the United States in local politics.

Mr. Kans worked for a courier service that made deliveries to CIA headquarters, but he did not have security clearance to enter the compound. The courier service is owned by the son of Victor Marchetti, a former CIA official and a persistent critic of the agency. The former Marchetti, a top aide to a former CIA director, Richard Helms, resigned in the 1970s to protest the agency's covert actions.

He said police and FBI agents had questioned him about Mr. Kans.

U.S. officials noted that the suspect had the same family name as Gul Hassan Kans, a member of the martial law cabinet of the late Gen. Zia ul-Haq. Gul Hassan Kans was slain in 1984. Pakistani officials on Thursday said there had been no political motive, but that elder Kans was killed by a nephew in a family dispute.

Mr. Kans's family is one of Baluchistan's wealthiest, with vast land holdings in the province's tribal region, a hotel and restaurant in Quetta and several construction companies in Karachi.

He is well-educated, with a master's degree in English literature from Baluchistan University in Quetta.

The police in the United States were trying to determine whether Mr. Kans knew either of the dead men — Lansing Bennett, 66, and Frank Darling, 28 — both of whom lived in Reston, Virginia, the same Washington suburb where Mr. Kans had an apartment.

Did N.Y. Stifle A Woody Allen Abuse Inquiry?

New York Times Service

WASHINGTON — With the Clinton administration still smarting from the problems with the child-care arrangements of Zoë Baird and Judge Kimba M. Wood, a new government report contends that illegal immigration continues unchecked and is making a mockery of a 1986 law that was intended to curb it.

Foreigners who seek low-wage jobs — working in homes, cleaning office buildings, doing the heavy lifting on construction crews, sewing in garment shops, bringing in fruit and vegetable harvests — are rarely competing with Americans for those jobs.

Both employers and their unauthorized workers run some risk, but the risk is small because enforcement is difficult. Workers have easy access to fraudulent work documents, and the government has been reluctant or unable to track down most violators.

Some 3.5 million illegal immigrants are estimated to be living in the United States. The Commission on Agricultural Workers, created under the Immi-

Illegal Immigration Rampant, U.S. Says

By Peter T. Kilborn

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Some 3.5 million illegal immigrants are estimated to be living in the United States. The Commission on Agricultural Workers, created under the Immi-

Immigration Reform and Control Act of 1986

will submit to Congress next week the most thorough study yet of the immigration law.

Established to appease farmers who feared that the law would cut off their labor supply, the panel examined only the law's effect on farming. But its findings of widespread illegal immigration apply to all parts of the economy that attract unauthorized foreign workers.

After six years of study, the commission's 12 members concluded: "Rather than a stabilization of the labor supply, there is a general oversupply of farm labor nationwide. Unauthorized immigrants continue to cross the southern border in large numbers."

The 1986 law granted amnesty to several million immigrants who could show that they had been working in the United States for at least 90 days. It also established penalties of \$100 and a maximum of six months in prison for employers who knowingly hired illegal aliens.

REAL ESTATE MARKETPLACE

A large grid of real estate listings categorized by region (USA, France, Canada, etc.) and type of property (apartments, houses, commercial). Each listing includes details like location, size, price, and contact information for agents.



Iranian women carrying photos of Ayatollah Khomeini at the rally on Thursday.

West Must End 'Lies,' Iran Asserts

TEHRAN — Iran marked the 14th anniversary of its revolution Thursday, proclaiming that the Islamic Republic is here to stay and urging the rest of the world to change its attitude toward it. Large crowds of men and women packed Azadi Square in Tehran in a rally marking the day the monarchy was toppled in the 1979 revolution led by Ayatollah Ruhollah Khomeini, who died 10 years later. President Ali Akbar Hashemi Rafsanjani devoted most of his speech to denouncing what he called the West's "campaign of lies" about Iran. The United States and many other nations say Iran supports international terrorism and denies its population basic human rights. Mr. Rafsanjani said the West should adopt what he called a more reasonable stance toward Tehran.

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ter corresponded to the people's religious aspirations. "Don't put forth wrong analyses," he said. "Don't try to mislead people with accusations of fundamentalism and terrorism." "I invite the world's thinkers to revise their attitude toward this revolution," he said, adding, "Don't try to cover the shining rays of the revolution with black clouds of your paganistic prejudices." (Reuters, AFP, AP)

ASIAN TOPICS

North Korea Politics: A New Flower-Power

The "Kimjongilia," a hybrid begonia named in honor of North Korea's heir-apparent, Kim Jong Il, now blooms in more than 50 countries around the globe with the approach of Mr. Kim's 51st birthday Feb. 16, the official Pyongyang daily Rodong Sinmun said this week. The flower was developed by a Japanese horticulturist. When President Kim Il Sung, now 80, was visiting Indonesia in 1965, a local botanist presented him with a new light-pink strain of orchid named "Kimilsungia."

The elder Kim greeted a Spanish leftist delegation in Pyongyang this week, the official North Korean press agency, KCNA, reported, apparently dispelling rumors that he is seriously ill. A Pyongyang-dated dispatch from Russia's Itar-Tass press agency said last week that Mr. Kim was suffering from a neck tumor. Mr. Kim has long had a large, unsightly tumor on the back of his neck, but it appeared benign and caused no obvious distress.

Arthur Higbee

Comissariat World Expo 1998 Lisbon

LISBON EXPO' 98 PROJECT MANAGER

Portugal is preparing the century's last exposition. The 1998 World Expo will be held in Lisbon from June to September and its theme will be "The Oceans, a Heritage for the Future". A large area neighbouring the River Tagus has been allocated for this purpose and it is expected that a considerable number of exhibitors will take part, including countries, international organisations and public and private enterprises. It is estimated that some ten million people will visit the exposition.

The exhibition area forms part of a vast urban area (300 hectares) that is to be redeveloped and this arduous task will require adequate structures. Proper dimensioning of the operational teams and the scope of their intervention means that special attention must be given to the overall management of this undertaking. Expo '98 will therefore be calling for tenders in the near future in respect of the appointment of the Expo '98 Project Manager, the corresponding conditions and requirements to be published very soon.

Lisbon, February 1st 1993

Nuclear Blast Provides View Into Earth's Core

NEW YORK — A powerful nuclear explosion in China last year has opened a window on the Earth's deep interior, revealing intriguing and hitherto unknown geological details. The underground explosion at the Lop Nor test range May 21, which was deplored by opponents of nuclear testing, was the equivalent in destructive energy to 660,000 tons of TNT. It was the most powerful nuclear explosion in a decade. The explosion sent a pulse of seismic energy reverberating through the Earth. The jolt, which passed through the mantle and grazed its core at a point under Alaska, was recorded by 1,062 seismometers scattered around Canada and the United States. In a report Thursday in the journal Nature, John E. Vidale and Harley M. Benz of the U.S. Geological Survey in Menlo Park, California, said that seismic waves from the explosion have revealed the presence of an object roughly the area and thickness of a mountain range about 2,000 miles (3,200 kilometers) underground. Geologists regard the discovery as highly significant because it is the first time a feature this small — possibly about 200 miles across — has ever been detected at such an enormous depth. Mr. Vidale and Mr. Benz could not determine the composition of the object, but they surmise that it might be a large blob of silicate material from the mantle enriched

by about 25 percent of a mineral called stishovite, which was created by a chemical reaction between the mantle and the underlying liquid iron of the core. The object may also have a different temperature and crystalline form from the matter in which it is embedded. Whatever it is, seismic waves pass through it faster than they do through nearby material. The discovery shows that the Earth's deep inner structure is probably much more complex than scientists had suspected, Michael E. Wysession of Washington University in St. Louis said in a commentary in the journal. From earlier observations, scientists knew that a 180-mile-thick layer of intermediate material was between the core and the mantle around the world; they call this the "D double-prime" layer. But the object discovered by the Geological Survey group looks like a thinner layer of something else, extending above the core about 80 miles into the D double-prime layer. This new layer is not continuous. Seismic observations of the Earth at the same depth but in different but fairly nearby places reveal no trace of the layer. "It could be something analogous to the mountain ranges at the surface of the Earth," Mr. Vidale said.

Mrs. Gorbachev, Ailing, Hospitalized in Kremlin
MOSCOW — Raisa Gorbachev, wife of the former Soviet president, Mikhail S. Gorbachev, has been hospitalized for a month for treatment of circulatory problems, according to a Gorbachev aide. Vladimir Polyakov, an official at the foundation established by Mr. Gorbachev after he resigned, said Mrs. Gorbachev would remain under treatment in the Kremlin clinic for two more weeks. He said her health problems were not life-threatening.

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INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

Diplomacy for Bosnia

A Way Worth Trying

To bring peace to Bosnia, President Bill Clinton has decided to defer the hard choices about military intervention for the moment and give diplomacy another chance. Until now the diplomatic effort to end the Bosnian catastrophe has been led by the United Nations and the European Community, neither of which carries much weight in the Balkans. Mr. Clinton is betting that negotiations will make better progress if the United States and, evidently, Russia begin to push them. His invitation to the Russians to take an active part is sensible and may open useful channels to the Serbs.

To get their attention, the new American plan calls for more vigorous enforcement of the embargo. It also requires a demonstrated readiness to employ military force if all else fails. Whether this approach will work is clearly uncertain, but it is worth trying. Secretary of State Warren Christopher says that he will "build on" the work of Cyrus Vance and Lord Owen, who have tried for months to mediate. But he declines — wisely — to endorse any part of their plan. The whole idea of a map dividing Bosnia into provinces, each to be given to one ethnic group or another, is fundamentally wrong. As Mr. Christopher observed, whatever solution emerges in Bosnia will stand as a precedent for all the other places around the world where eth-

nic quarrels have degenerated into civil war. To commit the United Nations to the concept of dividing countries into ethnic ministates would be a terrible error.

The right answer — if the bloodstained militias can be led toward it — is a rule that protects the rights of everybody, majority or minority, under international guarantees, wherever they live. Whether anything as reasonable as that is still possible after the uncounted atrocities of the past year is perhaps open to doubt. But with the United States and Russia now explicitly among the future guarantors, it offers a hope that has not been pursued further. Any alternative would, like the Vance-Owen plan, result in massive flows of desperate refugees as people tried to get out of the towns and villages where they found themselves in the minority.

It is reassuring that Mr. Christopher has not forgotten about the United Nations' responsibility to prosecute the people who committed the many war crimes that Bosnia has suffered. That will not make the negotiator's job any easier, for several of the people with whom they will be dealing are precisely those who ought to be tried first. But if there is to be a real peace, it has to include an accounting for the systematic persecution of civilians that, even by the usual brutal standards of civil war, has made this example particularly execrable.

— THE WASHINGTON POST.

Return to Better Ideas

As if his first three weeks had not been bumpy enough, Bill Clinton now places a tentative foot on the slippery slope of military engagement. Is anyone around the Oval Office reading history books? It is endemic to the office that presidents come in full of illusions about the ease of projecting military force. They almost always regret their first sallies into combat. The kind of power that a president commands brings with it the temptation to act before he has had time to grow wiser and careful in his use.

As Mr. Clinton talks in carefully hedged terms about sending American troops to Bosnia, examples ranging from the Bay of Pigs to the Beirut barracks bombing fairly shout at him to go slowly with military initiatives unless the purposes are fully understood and supported by the American people. But Mr. Clinton is not listening to the shouted lessons of history. Instead he is hearing the soothing blandishments, the temperate diplomatic whispers of David Owen, Cyrus Vance and their allies in the trans-Atlantic community of security experts.

Every criticism of their so-called peace plan brings a frenzy of assurances from the foreign policy establishment that they are honorable men. And so they are honorable men. But they also happen to be giving a new president advice that is as dangerous as a person in Mr. Clinton's position can receive. This is not the time to talk about putting 15,000 American servicemen and women into a caldron of violence that America's European allies have studiously refused to take on themselves.

Secretary of State Warren Christopher carefully conditioned any commitment of American troops. And his statements on Wednesday were more cautious than the hawkish briefings being conducted by White House aides Tuesday night. But President Clinton should slow down even more and reconsider before events and diplomatic pressure carry him toward a decision to deploy those troops.

At this point, Mr. Clinton literally doesn't know what he's getting into. More Bosnians could be saved, at far less Ameri-

can risk, by focusing U.S. diplomacy and air power on the real problem — Serbian militias intent not just on territory but on forcible expulsion of the inhabitants, mass rape and wholesale murder.

The Vance-Owen plan calls for 30,000 peacekeepers, half of them American. If they follow standard United Nations procedures, they would be exposed to unnecessary risk. Lightly armed and subject to highly restrictive rules of engagement, they would be asked to monitor the cease-fire lines and "supervise" heavy artillery. If the Serbs or anyone else violated the agreement, the peacekeepers could either hold their ground or withdraw. What they could not effectively do, without a very different mandate and deployment, is protect innocent lives or compel peace.

During his presidential campaign, Mr. Clinton had some better ideas. He talked about lifting the UN arms embargo that prevents Bosnians from effectively defending themselves. He proposed using American air power to counter Serbian aggression. And he drew a firm line against using American ground troops in any capacity.

The problem with these good ideas is that key European governments, like those of Britain, Russia and France, don't like them. For historical reasons having nothing to do with humanitarian needs or American interests, those countries are reluctant to put the full squeeze on Serbian leaders. That is exactly why they have all ended up endorsing the Vance-Owen nonresolution and pressuring Washington to endorse it — and commit troops to it.

Mr. Clinton does not relish the idea of going against European allies on a European issue. Nor does he act unilaterally, particularly when it comes to military options. But as president of the United States he has wider responsibilities than accommodating the political needs of European leaders, and better choices than cosmetically modifying the Vance-Owen plan.

He can, for example, lead the way with an American plan based on his own sensible campaign suggestions. At the very least, he can step back from the slippery slope.

— THE NEW YORK TIMES.

Other Comment

Clinton and Bosnia

The long-awaited announcement of the Clinton administration's position on Bosnia should come as a relief to those, like UN Secretary-General Butros Butros Ghali, who feared that the new president might seek too closely to the position he took during the campaign by adopting a tougher attitude on the Yugoslav conflict.

The United States does not entirely support the plan put forth by Cyrus Vance and Lord Owen — who nevertheless saluted the American decision to take a more active role in the peace process — but at least this resolute U.S. commitment to support a "diplomatic solution" will send a message to the Bosnian government that it would be in vain to count on a military intervention.

There are also risks, however, in this official commitment of American diplomacy. If things go well, the United States assumes a role in the success of negotiations — but if not, in their failure.

— Pierre Briancion in *Libération* (Paris).

At last, the United States has moved forcefully into the Bosnian question. The program announced Wednesday by Secretary of State Warren Christopher changes the equation on the ground. It creates pressure on the Serbs and the Muslims to accept an amended Vance-Owen plan that would give more space to the Muslims.

In doing this, the Clinton administration has abandoned the assumption that Yugoslavia is a European problem for Europe to resolve. The very heritage and proximity that make it European have made European countries unable, individually or collectively, to handle it. European intervention,

as in Germany's recognition of the dismemberment of Yugoslavia, made the catastrophe inevitable. Each European country carries baggage from the past. The United States does not carry such baggage. It brings a credibility to the mediating role that European countries lack.

In adding a military commitment — even one delayed till after a political agreement — the Clinton administration is refusing to accept limitations on its ability to call upon the U.S. military establishment. The differences between President Clinton and the Pentagon are known in the Balkans.

The policy outlined by Warren Christopher is not guaranteed success. But it is a good-faith effort and takes the moral high road, which until now had been lost in the mountain mists of Bosnia. Americans should wish it every success.

— The Baltimore Sun.

The vain diplomatic efforts to achieve peace in Bosnia have brought the United States to the threshold of a military intervention. Nonmilitary possibilities have been used up, as the fate of the Vance-Owen mission shows. Nonetheless, Paris and London remain reserved. For them, only the protection of humanitarian aid is possible. But without decisive military action, a Serbian withdrawal cannot be achieved. And if the fighting continues, allied troops could eventually be drawn into a partisan war. Europeans must share the risks with the Americans. The Germans would probably stay out of any such action. But that would accelerate the crisis in the alliance, affecting Germany's position.

— *Lehrer Rühl in Die Welt* (Bonn).



Clinton on Bosnia: A Pledge to Find a Plan, Maybe

By Leslie H. Gelb

NEW YORK — Finally, the United States has accepted a leadership role in the Balkan crisis. That is the main point of the modest diplomatic initiatives unveiled on Wednesday by Secretary of State Warren Christopher.

Reversing the largely rhetorical and passive stance of the Bush administration, President Bill Clinton has now committed the United States to finding a comprehensive plan to

act — with or without Cyrus Vance and David Owen. But the lead should remain with them and the United Nations.

Second, how can Mr. Christopher continue to speak publicly of supporting the Vance-Owen ethnic enclave proposal — thereby undermining the administration's own plans to modify it — when he continues to

would bloody it daily. No peacekeeping force of 50,000 or 100,000 or whatever, could stop them.

Third, while the Christopher approach thankfully offers to put new teeth into the economic embargo against Serbia, do administration officials really believe that this will compel Belgrade to stop the war, let alone roll back its territorial gains? The currency most appreciated in the Balkans, as elsewhere, is force.

Fourth, does Mr. Christopher's dance around the central issue of threatening and using force mean that the United States will not prompt discussions of force for months to come?

To be sure, he spoke of unspecified American military involvement to enforce a treaty agreed to by all parties. He also alluded to the possible use of U.S. troops to help hu-

manitarian deliveries. But these measures barely scratch the surface of what will be needed.

In my opinion, only the prospect of the West intervening and/or arming Croats and Bosnian Muslims can stem the Serbs into stopping. I know well the fears, difficulties and dangers in this course. But I am equally convinced that limited military means can be found to send the necessary messages and protect population centers and aid deliveries — means and manpower far less than the 100,000 troops that will be needed to police any "negotiated" settlement.

European leaders know the futility of diplomacy without force. But, rather than risk using force, they are prepared to accept the strategic and moral consequences of ethnic cleansing. President Clinton, now that he has edged toward the Balkan inferno, must live up to American values.

The New York Times.

Limited military means can be found to send the necessary messages and protect population centers.

combat the deadly virus of nationalism that threatens to obliterate hope for a new world order.

But there should be no illusions about Wednesday's presentation. It represents a retreat from Mr. Clinton's promised tough approach. And the fact that Secretary Christopher did the unveiling shows that the president does not want to commit himself fully and personally to this enterprise.

Also noteworthy was that Mr. Christopher carefully sidestepped calling his offerings a "plan" or even a "policy." And rightly so. What he outlined was, rather, a means to a plan — if one can be devised with the approval of the United Nations, West European allies, Russia and the warring parties in Bosnia themselves.

With the U.S. military and allies all resisting the use of force, with allies and Russia refusing to arm Bosnian Muslims, with the United Nations digging in against deviations from the Vance-Owen peace plan and with widespread concern that foreign crises will divert energies from domestic priorities, the Christopher approach was probably the most that Clinton sides could cobble together now.

At bottom, what Mr. Christopher presented reflected a series of compromised bureaucratic and diplomatic compromises, a tentative and temporizing patchwork that raises more questions than it answers.

First, how will the appointment of a special U.S. envoy avoid transforming a UN responsibility into a U.S. responsibility? Such usurpation is wrong for the Bosnian crisis and disastrous for any long-term effort to strengthen the United Nations. No effective plan for Bosnia will ever command the necessary international backing unless rooted in the Security Council.

Regional Barthelemy, the envoy and a first-class pro, will be under great pressure from his superiors to

precipitation of the Balkans as one tough neighborhood. History, not to mention prudence, says stay out.

One by one, certain alternatives were discarded. The first to go was the idea of arming the Bosnian Muslims so they could better fight the Serbs. The Europeans were aghast at that one, arguing sensibly that it would only intensify the war.

Before the Bosnian army, essentially a light infantry of Third World fighting caliber, could be trained to use heavy weapons, the Serbs would attempt to move in for the kill. In this they might well be aided by the mostly Serbian Yugoslav army.

Given, too, is the notion that air power could substantially affect the war. The Pentagon argues that it can-

not — that the Serbs, unlike the Iraqis, would not be so dumb as to keep their heavy artillery in one place, and anyway the mountains are no place for fast-moving airplanes. Iraq is a mere video game compared to the conditions pilots would encounter in Bosnia. Military intervention, if it were to be successful, would have to be with troops — lots of them.

The trouble is that in eliminating one option after another, the Clinton administration has also withheld support from the peace plan proposed by David Owen, representing the European Community, and Cyrus Vance of the United States. At the White House, the plan is seen as an appeasement of Serbia, a repugnant reward for its policy of "ethnic cleansing."

Moreover, the Bosnian Muslims have rejected it, and the Clinton administration is not about to make the Muslims accept a settlement against their will. Whether this gives them ultimate veto power over any plan remains to be seen. The White House says not, but so far that has been the case.

John Reed, writing in 1916, said, "The Macedonian question has been the cause of every great European war for the last 50 years." At that time he was right. Much has changed since, including, of course, the disappearance of several empires. Never-

Worthy Sentiment, Unsolved Problem

By Richard Cohen

WASHINGTON — The Clinton administration has produced a policy on Bosnia in about the same way a mouse makes its way out of a maze: by a process of elimination.

One by one, certain alternatives were discarded. The first to go was the idea of arming the Bosnian Muslims so they could better fight the Serbs. The Europeans were aghast at that one, arguing sensibly that it would only intensify the war.

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theless, at the White House the thinking is that Mr. Reed's observation is still valid: The present Balkan war could spread elsewhere in Europe, beginning in Macedonia and ending (via Greece) in Turkey.

The possibility cannot be ruled out — nothing can be ruled out in the Balkans — but the opportunities for great-power mischief that produced the Balkan wars of the past are now greatly diminished. Germany, for one, would like the whole area to just disappear.

The Clinton administration has announced that it is willing to use American forces in Bosnia as part of a NATO peacekeeping force. That decision is predicated on two assumptions. The first is that without American leadership and commitment, the Europeans themselves will never come to grips with the tragedy of the Balkans.

The second is that unless the United States is willing to put its force where its mouth is, Washington will lack credibility in the rest of the world. Other despots, present and future, may be taking the measure of the United States to see what they can get away with.

Those sentiments, plus the strong feeling that we are all morally diminished by what is happening in Bosnia, are persuasive. The problem remains, though, that before there can be peacekeeping, there must be peace. And that has not yet happened.

Indeed, the refusal of the Clinton administration to support the Vance-Owen peace plan has made the chances of that even poorer.

The White House seems to feel that it has an obligation to do something in Bosnia. But it is proceeding without having made the case that American interests are clearly at stake, or that anything other than a kind of permanent occupation of the former Yugoslavia will end the fighting.

Through no fault of Mr. Clinton's, an American involvement in the peace plan comes late. But this urge to do good has got the United States in trouble before — once in Vietnam, more briefly in Lebanon.

It is the latter experience that haunts the Pentagon and is precisely the analogy offered years ago by the former Yugoslav dissident, Milovan Djilas. Asked what would become of his country, he gave a one-word answer: Lebanon.

The Washington Post.

At Home in the American Mainstream

By Orlando Patterson

CAMBRIDGE, Massachusetts — From the new president's embrace of rapper LL Cool J on the steps of the Lincoln Memorial to Aretha Franklin's appearance at the inaugural gala to the poetry of Maya Angelou, the African-American influence permeated Bill Clinton's inauguration. So why, in watching, did I feel worried?

True, the multiculturalism of the inaugural may have been politically

black and white working-class supporters are hoping for.

In addition, African blacks are still the victims of two of the nation's major social problems, racism and urban poverty. Thus, in a way the inaugural rituals disclosed an enduring paradox of American life: The culture of African-Americans is appropriated for the society at large while African-Americans are socially excluded from it.

Yet renewed emphasis on cultural diversity and inclusion is not necessarily a solution to this problem. Rather, the goals of multiculturalism and African-American inclusion are in potential conflict. Inevitably we are forced to ask the question: Inclusion into what?

The simple truth, which is either denied or distorted by the prevailing orthodoxies, is that a thriving national culture does exist.

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astute on Mr. Clinton's part, and, to the degree that it promotes tolerance, not without merit. But unqualified multiculturalism has a hazard, particularly for blacks: It can divert attention from the disproportionate contributions of African-Americans to the overarching common culture.

Recognizing and celebrating this contribution to mainstream American life is essential in helping African-Americans address their peculiar social problems.

What African-Americans most desire now is greater social inclusion, in a bottom-up direction — precisely what the incoming president will be least able to deliver. Mr. Clinton's notion of making America competitive entails an acceleration of the shift toward a post-industrial society. That means fewer, not more, of the stable, well-paying blue-collar jobs that his

be to promote and nourish this common culture, pruning it of the evils which, as a Southerner, he knows only too well.

Nothing would be so healthy as the mixing of racial symbology in his administration. Every White House invitation to a Johnny Cash or Magic Johnson might be pointedly balanced by the celebration of a Charley Pride, a black country-and-western singer, or Larry Bird, a white basketball player. A speech on the meaning of Martin Luther King might focus not on his monumental struggle for black liberation but on his commonality with Tom Paine and other revolutionary-era leaders, or on the tradition of civil disobedience that is inherited from Henry David Thoreau.

In this way the present could offer desperately needed cultural leadership by throwing his formidable symbolic and moral weight against what might be called the "separate but truly equal" ideology that an increasing number of young, educated African-Americans are embracing. This is as necessary as leading the nation away from the insidious indulgence of racism that polluted the cultural and social landscape of the past decade.

Such a cultural strategy would not only be in the nation's best interest but in the interest of African-Americans, who, contrary to the misguided views of their more chauvinistic leaders, have most to gain by the "cherishment" of a common culture that they themselves — in spite of, and sometimes because of, their very social exclusion — did so much to fashion.

The writer is a professor of sociology at Harvard University and author of "Freedom in the Making of Western Culture." He contributed this comment to *The Washington Post*.

Get Russia Involved in Peace Duty

By Flora Lewis

PARIS — Line up. Take sides. Rush to the aid of the enemy of your old enemy. That has always been war in Europe. And when it was over, there was bargaining to produce an apparent balance of newly consolidated powers, a pretense of renouncing old ambitions, a quiet musing of grievances, and a search for new enemies of your old enemy to turn the tide. That has usually been peace in Europe.

Since World War II, there were two big differences. The Continent and much of the world was divided in two hostile blocs that kept a certain order within their camps. That has broken down, to be replaced by a very tenuous, uncertain attempt to make the United Nations a guarantor of peace, as originally intended.

Secondly, West European countries organized to change the very texture of their relations, creating a new structure of community to contain inevitable rivalries and pool strengths for mutual advantage. Built on French-German reconciliation, it introduced a concept of partially shared sovereignty for greater achievement.

It was not the first time nations showed they could change. It happened with the conversion of Scandinavia from the rambunctious terrores of the north to advocates of peace and welfare, and the establishment of the United States as a federal, continental power. But it doesn't happen often.

The great question now is whether the change will spread to include all of Europe, or whether the prospect of insisting on cooperation as the only acceptable choice will fray, leaving the old pattern. The West is not immune to the new dangers in the East.

It is not only a matter of local wars spreading, generating torrents of refugees and an economically destructive climate of illegality. Western politics are affected by the rise of nationalism and self-assertive exclusion. Democracy can deteriorate.

The focus now is on war in former Yugoslavia, the point of conflagration. But that war is heating passions on a much larger scale and providing pretexts for reversion to old animosities, old divisive affinities.

The central urgency is Russia. Without its participation, the Russian presence cannot be sustained. Country after country will be caught in realignments of emotion and convenience to pull apart the triumph of conciliation.

A nasty combination of negative factors is making Russia dangerous, to itself and many others. There is hyperinflation. The social fabric is crumbling. Boris Yeltsin is still in command but he seems to have passed his peak. Crime has escalated beyond the margins to the point of national danger. It is estimated that half the money earned from exports never returns, so pervasive is smuggling and fraud.

Leoluca Orlando, the ex-mayor of Palermo who heads the Italian anti-Mafia party La Rete, says the Sicilians with their billions of dollars have arranged connections with various Russian and other European gangs. Other police forces confirm that there are huge new underground international networks, beyond their reach.

The warning by Prime Minister Viktor Chernenko that Moscow would oppose use of foreign force against Serbia should be seen as more than the threat of a Security Council veto. It reflects disintegrative forces, almost a search for an excuse to nationalize, crack down, perhaps intervene in other ex-Soviet republics, turn against the humiliating West to reassert pride and power come what may.

Alexei Arbatov, a veteran strategic analyst, may exaggerate when he says intervention against Serbia would mean "tens of thousands of Russian volunteers, including whole units, with anti-aircraft weapons to shoot down American planes." But others note a new determination in the Russian military to make themselves heard.

Intervention is needed, and on a large scale, but it must include the Russian role, not the status quo ante bellum to punish Serbia. The main trouble with the Vance-Owen plan to parcel out Bosnia is that it doesn't go far enough. It should address the whole Balkan impasse, with provisions to protect Kosovo, Macedonia, Albania.

There have been calls for an early meeting of the Group of Seven industrialized nations, which, as at the last two summits, should invite Russia. Trade and money questions are urgent, and economic and security issues are intertwined. The world needs to see that the responsible powers are prepared to address them together.

Bill Clinton should issue the summons. It is much sooner than he would have liked but later than he may think.

© Flora Lewis.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Royal Betrothal

LONDON — Sensation was caused yesterday [Feb. 11] by the report that the betrothal of the Duke of York with Princess May of Teck would be formally announced at the dinner party to be given by the Queen. The report caused intense interest in the neighborhood of Richmond, where the Duke and Duchess of Teck reside. The Prince of Wales had been a visitor there several times of late.

1918: Kaiser's Terms

BALE — The Kaiser, speaking about the peace with Ukraine, said: "We have lived through difficult times and each has had to bear his burden. We Germans still have ideals; we must strive for better times, fight for right and moral fidelity. God wills peace, but a peace in which the world will strive to accomplish that which is just and good. We must bring peace to the world. The enemy, who has been beaten by our arms, sees that it is no longer

any use fighting. Whosoever holds out his hand to us shall receive ours. We desire to live on friendly terms with the neighbors but the victory of our arms must first be recognized. Our troops led by our great Hindenburg will continue to follow up this victory, then peace will come."

1943: New-Guinea Rout

ALLIED HEADQUARTERS IN AUSTRALIA — [From our New York edition.] The Japanese have been "decisively defeated" in the Wau sector of New Guinea, as the approaches to enemy-held Salamaua, in a twelve-day encounter that cost them nearly 1,000 dead and many more wounded, the Allied command announced today [Feb. 12]. The Japanese are retreating toward the village of Malinau which the Japanese have held since March, 1942. It was the first major Allied victory in New Guinea since the enemy was cleared last month from Papua after a bitter six-month campaign.

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صوتنا من الامم

OPINION

The Most Curious Timing Of an Iraqgate Request

By William Safire

WASHINGTON — Did the Bush Department of Justice — eager to avoid embarrassing Saddam Hussein or his bankers in 1989 — make a conscious effort not to find out what the CIA knew about the huge fraud discovered at the Atlanta branch of the Banca Nazionale del Lavoro?

The staff of the Senate Select Intelligence Committee was suckered by excuses from Justice officials that they were too busy responding to their in-house "investigator" to answer the Senate, precisely why the patsy prosecutor was hired. But its recent Senate report adds useful evidence to the Iraqgate scandal.

The first Justice Department request to the intelligence community, it says,

... did not go out until August 3, 1990, almost a year to the day after the raid on BNL-Atlanta.

When a career prosecutor six months earlier told Laurence Urgenson, the Bush appointee who took control of the case in Washington, "we've got to search all of the files," the Urgenson response was, "I'll let you know what I want you to do when I want you to do it."

Why the delay? And what changed Justice's mind about asking CIA about top-level involvement in Rome and Baghdad? Look at the date: Aug. 3 was the day after Saddam Hussein invaded Kuwait, ending the Bush courtship. Foreign policy, not a search for justice, drove this prosecution.

During the year that the attorney general's men were averting their eyes from CIA data showing that BNL-Atlanta was in cahoots with Rome higher-ups, CIA analysts were wondering who to tell all that they were learning about Rome's guilty involvement.

On Nov. 17, 1989, FBI officials — employees of the Justice Department — cautioned CIA not to give their "Rome knew" information to Justice because it would become "discoverable" in the Atlanta trial.

The defense attorneys may well request CIA files on the BNL affair, the CIA claims FBI officials said, "and claim that CIA had prior knowledge of the financing to Iraq. Especially because the U.S. attorney in Atlanta is a former CIA officer."

This FBI-CIA conspiracy flies in the face of a Supreme Court ruling, Brady

v. Maryland, and of Rule 3.8(d) of federal rules of professional conduct, that require the government to disclose any evidence that shows the defendant to be innocent.

One month later, the CIA agreed with the FBI not to show its evidence to the Justice Department, noting that it had "devised ways to protect our information and sources against discovery by the defendant."

CIA lawyers now claim this was "an inartful reference" to anti-graysail statutes, but a second CIA message in the same month gives the lie to that: "an FBI official had recommended against submission of the report 'noting that every paragraph contains damaging information which is clearly discoverable...'"

Said the CIA supervisor, quashing the dissemination: "It's just as well to have fewer reports that are going to wind up in court."

The name for this abuse of due process is "contempt of court." FBI officials contend the documented CIA testimony is untrue. If law enforcement and intelligence officials did what the documents suggest they did — willfully withheld exculpatory evidence — then this is a violation of 18 US Code 1512, which provides up to 10 years in the pokey for whoever knowingly misleads "to cause or induce any person to... withhold testimony or withhold a record, document... in an official proceeding."

After following the Senate report with the release of the CIA inspector general's report, the departing director of central intelligence, Robert Gates (who wants an aide pointing at him before a grand jury), rejected his inspector general's call for "appropriate disciplinary actions" and forgave everyone because Mr. Gates could see no "willful intent not to be responsive."

In the same mistakes-were-made way, a rearguard in the Justice Department issued an unsigned statement that Justice was "pleased with the results, which note on wrongdoing by departmental personnel..." but unresponsive wrongdoing bounds.

On the evidence in the Senate and inspector general reports, Judge Marvin Shoob of Atlanta should appoint counsel to discover who treated his court with contempt. Congress should pass an independent counsel law promptly. And the new attorney general should seek that prosecutor's appointment before Iraqgate's trail gets cold.

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



LETTERS TO THE EDITOR

The Child-Care Factor

Two successive candidates have run into trouble in their nomination for U.S. attorney general because they hired aliens as nannies. Before we dismiss this phenomenon as evidence of either President Bill Clinton's ineptitude or Congress's overzealous vigilance, it behooves us to look at the underlying condition that these cases reflect: the disgraceful state of child care in the United States.

Every working mother in Paris expects there to be a day-care center and a nursery school within walking distance, and parents in most other developed countries assume they can count on safe and reasonably priced child care. But in the United States, parents play a game of wits for high stakes: the well-being of their children. Especially for younger children, one must choose among an unorganized pool of caregivers outside the home, guided by word-of-mouth recommendations and a somewhat ineffectual licensing system.

Hardly surprising, then, that an increasing number of intelligent and caring parents choose the "an pair" alternative. Young people, lured by the legendary good life of the United States, or simply prompted by an adventurous spirit, provide what is often the best care available. But under the current system they often act illegally, and so do their employees. Why does such a need not create jobs for America's many unemployed? Perhaps middle-class, me-generation youth disdain such unglamorous jobs, while poorer ones are trapped in ghettos, often with children of their own.

I have always considered myself a meticulously law-abiding person, but in

this case I have had little hesitation in helping both parties to such illegal transactions, since I feel that either the law nor the social structure of the United States allows for essential services.

It is lamentable that we should lose able and willing candidates for public office over such an issue, but it is shameful that the conditions that caused their transgressions should persist.

JEANNE PIMENTEL, Paris.

If the Axis Had Won

Regarding "Danger: Russians Abroad" (Opinion, Dec. 21) by Francis Fukuyama:

What Mr. Fukuyama and others are in fact saying is that, had the fortunes of war been different, we should now feel upset about denying voting rights without language tests to millions of Germans whose 50-year occupation of Britain had just ended, or else to millions of Japanese occupiers of America. Can the pundits in the big countries not be made to understand that the Baltics (and, had the war gone differently, the Finns) are not speaking of some abstract point of human rights, but of national existence?

TEUVO LEHTI, Gex, France.

Volunteers Can't Do It All

Regarding "If You Want to Help, Volunteer" (Opinion, Dec. 30):

Alan Tonelson's column about Somalia and Bosnia was a depressingly familiar, ethnocentric, head-in-the-sand plea to do nothing.

The entire diatribe is made moot by

his concluding paragraph, to wit: "... If interventionists feel so strongly about a moral obligation to Somalia... they can join a relief operation and go over there themselves."

That was precisely what scores of people from many countries did. But the near-total anarchy of the situation prevented them, despite heroic efforts, from stopping the starvation. Only armed intervention could solve the problem, and only the United States (joined later by others) had the wherewithal, the courage, and the sense of morality to respond.

Regarding volunteerism: The students at the school where I now teach took the initiative last year to collect food, clothing and money to be sent to Somalia. The response was overwhelming, but one wonders how much of what they provided got beyond the well-fed and well-armed gunmen and to the people who needed it. Today, I am sure, most of it would.

DON C. YAGER, Seeb, Oman.

Today's Problems Today

Regarding "For a Real German-Jewish Dialogue" by Robert B. Goldmann and "However They Say 'New Again,' We Should Applaud" by A.M. Rosenthal (Opinion, Jan. 9):

It is pointless to be looking 60 years backward and not analyzing the present weaknesses of a democratic Germany. The brutal attacks on persons, damage to property and religious institutions must be dealt with as criminal activities, and those involved must be speedily and ruthlessly punished, arrested and tried as common criminals. That is what they

Hungry, Cold and Brave, In What's Left of Sarajevo

The following are excerpts from a letter written in Sarajevo by Jasna Ihtjarevic, to her sister, Meliha Zivkovic, a former journalist for Radio Sarajevo who fled in April with her husband and infant son and took refuge in Amsterdam.

Our Dearest: Today the most wonderful thing happened to us: We received your letter. I

MEANWHILE

read the letter aloud to Mum and Dad and we all cried. Mum usually forbids me to cry, but I do it anyway. When I think of you, tears just flow.

Meliha, it took some time until we realized that even the worst things in life we can bear. I know we are out together and it hurts, but we are so relieved that you've rescued yourself and our little flower, our Mak. We don't dare to think what could happen to you and your tiny baby if you were

here. People can get out of the city sometimes with the Red Cross, but only if they have a guarantee letter from Croatia or some third country. Don't be upset because you can't get such a letter for us. We'll stay here. We can't leave Dad alone and we know things are tough for you in a foreign country.

Meli, please don't worry too much about us. We are alive and healthy and our apartment is still O.K. The worst of all is that there is not enough food, but we manage somehow. Dad brings some stuff sometimes.

We also get some humanitarian aid from time to time. Here, even if there is anything to buy on the black market, you can do it only if you pay Deutsche marks, so we doo' have a chance.

There is no electricity for a month now, or even longer than that, who knows anymore. We used to cook in the backyard on an improvised fireplace, but recently Dad has brought that old-fashioned "Queen" stove, our grandmother's, the one she kept for a hundred years, never dreaming someone could use it ever. Now, we make a fire in it in the kitchen and that's how we get warm and cook at the same time. There is no running water, either, so Dad goes every morning to Bistrica to bring some for us and our neighbors.

In Sarajevo, not many things look like you remember them. Some quarters of the city simply don't exist anymore. It won't be possible for you to come back here for some time. We have sent messages to Misha's parents on the radio, but we know that they had to move to some other apartment where they are safer. Misha, your parents' apartment building is on a front line and there is a lot of shooting and bombarding all the time.

It is getting too dark to write. I'm moving closer to the window. There is no glass in the windows and it's cold, but we put up some nylon and a cardboard to make it a bit less freezing.

Everything that is happening these days is not possible to describe. Even if I try to tell you the whole story personally, you probably would find it difficult to believe. One who is out here and does not experience this most cruel school of life just cannot realize that there is out even bread for days. There are people who live for days without even a handful of rice. We manage somehow, but how much longer? If there is a heavy bombardment we go to the cellar, so doo' worry.

I beg you, please don't be so sad all the time. We've seen on the photographs how pale and thin you both are. Be brave like we are, take care of yourself and don't ever, ever think that we are mad at you because you're not here. Oh thank God for that! We live for the day when we shall all be together again, to be able to hug you, kiss you, tell you how much we love you.

Your Mom, Dad and sister Jasna.

International Herald Tribune.

are. The Germany of 1993 is not the Germany of 1933.

ELIZABETH LATHAM, Souvico, Switzerland.

Nothing Personal

Regarding "Germany: The Descendants Are Plain Dangerous" (Opinion, Jan. 8) by Michael Peterson:

In his reply Jan. 29 to the letters responding to his article, Mr. Peterson states simply that he had "expected a personal attack and was warned of one." I was unable to detect a "personal attack" in any of the letters.

JOACHIM BAUER, Freiburg, Germany.

No Cause for Alarm

I read the correspondence generated by Michael Peterson's Jan. 8 article on Germany with greater interest than I read the article itself.

I am English and have lived in Germany (Frankfurt and Berlin) for nearly three years. I have experienced occasional irritations, I have come across anti-social behavior at times and, indeed, I have run afoul of the local traffic regulations, as I have done in all the other countries of residence in my 16 years as an expatriate.

If I were to extrapolate these personal inconveniences, as Mr. Peterson has done, into a blanket condemnation of an entire country, it would be a sure sign that I was long overdue for repatriation.

JEREMY B. STEWARDSON, Berlin.

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The masks will be back all over Venice as carnival opens Friday. Bottom left, one of Viareggio's daring satirical floats.

Venice Carnival: The People Take It Back

By Roderick Conway Morris

VENICE—Capricious, extravagant frivolity became Venice's hallmark during the 18th century — "there's nothing in the world worse than being bored," as one Venetian lady of leisure then remarked. "I'd rather be miserable than bored" — and the carnival season went on for six months of the year.

Carlo Goldoni, native-born dramatist and muse to this pleasure-addicted society, died 200 years ago this month and his Venice is the theme of this year's carnival, which starts Friday and runs until Feb. 23.

Goldoni was almost appallingly prolific, producing well over 100 comedies and as many other dramatic works. In the autumn and winter of 1749-50, he wrote 16 full-length plays. Unsurprisingly, he suffered a mild nervous breakdown as a result. Until then Italian ooo-musical drama was locked into the medieval traditions of commedia dell'arte, with stock characters and semi-improvised speech. Goldoni more or less invented naturalistic soap opera overnight, putting the audience itself on the stage — foibles, ambitions, pretensions, absurdities and all. His realism extended to language — many of his best plays being in Venetian dialect rather than Italian — and Venetians

flocked to spend an evening enjoying the gripping and endlessly entertaining spectacle of their own everyday lives.

Venice's exaggeratedly long carnival was inseparably bound up with the theater season, which used to last from the beginning of October to the beginning of Lent. During this time the government allowed the wearing of masks in public, and indeed insisted that the upper classes wear them when attending the theater — regularly, and ineffectually, threatening to punish those who appeared unmasked, especially noblewomen. Day or night, half the rest of the population went out masked — even to go around the corner to buy a bag of beans.

While Goldoni was busy selling audiences realism to the theater, fancy dress on the streets became ever more elaborate, with locals and visitors dressed as gods, satyrs, Turks, Red Indians, quack doctors, ranting lawyers and even archetypal murderers and syphilis.

The 18th-century Venetian Republic promoted carnival with the energy and determination of a modern tourist board, in order to woo foreigners to spend time and money in Venice during the winter. They attracted, in a good year, 30,000 visitors to a city with a population of around 140,000.

The resurgence of Venice's carnival occurred in 1979, on the fishing island of Bur-

ano. The result of a kind of spontaneous combustion, the festivities spread in the following year to Venice itself, and there are many happy memories of the unpredictable early years, before the municipality increasingly took over the show, leaving many Venetians feeling like bit-part actors.

The Gulf War pretty well did the event in. The municipality canceled its frankly yawning plans for illuminated water-jets (as though Venice was in the middle of the desert), lasers and holograms, concerts by Dionne Warwick and Juliette Gréco (both, it turned out, otherwise engaged), and announced instead an official "peace rally" from which the Venetians stayed away in droves.

At the same time, in a bizarre twist to the historic masks issue, on the authority of a long-forgotten law banning masks that Mussolini had passed in 1931, it was declared that costumes were to be allowed but masks forbidden, as an anti-terrorist precaution. This, according to the Venetian hotel association, was the last straw for would-be revelers, many of whom promptly cancelled their reservations.

Last year, general depression and lack of public funds gave the carnival a whole new lease on life. The megalomaniac projects dear to the Fun Functionaries were unrealizable, and while administrators stood around

wringing their hands, the people took to the streets, and Venice regained a genuinely festive air. Multiple smaller-scale stage and musical shows, some Venetian and some from out of town, blossomed all over the city — theaters, churches, squares, under colonnades and in alleys. Children in costume were everywhere, and often hilariously costumed adults appeared on boats in bars and restaurants, or loomed out of the mist at night.

With still-modest municipal funds and some helpful (and, as yet, not too oppressive) commercial sponsorship of various events, this accidentally-arrived-at formula is being repeated. In addition, there will be plenty of 18th-century music and, inevitably, dozens of productions of Goldoni — including what promises to be an excellent musical version of "Il Campiello" (The Little Square), scored and played by Venice's irrepressible Venetian-dialect reggae band, Pitura Freska.

With the abandonment of control management, and a revived emphasis on things closer to the city's history and heart, Venice is showing serious signs of becoming a haven once again of harmless levity in a dead-end world.

Roderick Conway Morris lives in Italy and writes for The New York Times and The Spectator.

In Tuscany, the Floats are the Wickedest of All

By Ken Shulman

VIAREGGIO, Italy — Reading the walls of this hangar is a bit like revisiting the ghost of Viareggio Carnevale past. High above the four workmen who scurry to finish painting this year's float in time for the inaugural parade, the papier mâché masks of Ronald Reagan, Leonid Brezhnev, Jimmy Carter, Michel Platini, Diego Maradona, and a slew of Italian politicians grin or smirk or sneer from their sideline perches.

"I've saved them for a museum," says Arnaldo Galli, the most famous of Viareggio's float builders. "If they ever decide to build one. And they should, because this is art."

Exactly 120 years old this February, the Viareggio Carnevale is one of Italy's most popular and certainly its most brazen Mardi Gras celebration. It began in 1873 as a quiet procession for the enjoyment of nobles in this once chic and now decadent Tuscan seaside resort, and gradually became a kilometer-long parade and, more important, an arena for local artists and artisans to give vent to their wildest political satires.

A painter and sculptor who has prepared scenery for three Fellini films, Galli built his first papier-mâché Carnevale float in 1938. That float never made it to any of Viareggio's four Carnevale parades. "I was quite naive," recalls the 67-year-old artist. "I'd been to the cinema and seen the Marx brothers' 'Day At The Races.' And without thinking about it, I built a float with

the Marx brothers hanging onto a horse as it charged through a giant borsehoop. Two days after I'd finished it, a Fascist agent showed up in a black leather trench coat and threatened to send both me and my parents to jail unless I burned it."

Several months passed before Galli understood the reason his float had had to be destroyed: He had depicted Jews in a positive way, which in an Italy allied with Nazi Germany was emphatically not permitted. "I think I was one of the first instances of racial censorship here in Italy," he says.

THE Viareggio Carnevale is still capable of provoking anger and even censorship among the country's ruling class. Roberto Alessandrini's 1992 float, featuring former Prime Minister Bettino Craxi as a crocodile and former Italian President Francesco Cossiga as a phallic serpent wrapped around Craxi's loins, was withdrawn after a protest by the Quirinale, the president's official residence.

"Actually, I was flattered that they thought enough of my float to ask that it be removed," says Alessandrini, 34, who has prepared floats for the New Orleans Mardi Gras parade. "It means that I hit the mark."

Galli, Alessandrini and the other seven builders who belong to the first-class category of the Viareggio Carnevale begin preparations for the festival as early as September. Each of them receives a grant of 100 million lire (\$67,000) from the Carnevale Foundations; the funds come from the sale of lottery tickets, along with a small contribution from the town.

"With four or five salaried workers and the materials, we rarely even meet our costs," says Galli. This year's creation is a 20-meter-high volcano that spews out Italy's corrupt politicians and crumbles to reveal Judge Antonio Di Pietro, the chief investigative officer in the current Milan payoff scandal. The float is entitled "Terremoto" or "Earthquake." Galli hopes that it will win him his 20th Viareggio Carnevale first prize.

This year, with Cossiga having resigned from the presidency and Craxi facing indictment on bribery charges, the prime target of satire is Umberto Bossi, the leader of Italy's secessionist Lega Nord, or Northern League.

HEAR THIS

It turns out you really can't insult anybody anymore. A comedian in Maine who played a none-too-bright character called "Frenchie" on a radio show has called it quits despite a large audience after several groups complained and he was hounded by reporters. Ernie Gagne, who happens to be of French origin, said his routine was "innocent, somewhat self-deprecating humor." That's not how the Association Canado-Américaine felt, or even, believe or not, the Holocaust Human Rights Center of Maine, which filed a formal complaint with the Maine Human Rights Commission.

Galli has five Bossi look-alikes dressed as knights perched atop his volcano.

ALESSANDRINI'S "Fai Da Te," or "Do It Yourself," features a 15-meter effigy of Bossi. In his right hand, the senator clasps a hand-saw with which he has sliced the Italian peninsula into five pieces. Behind him, dressed as Pinocchio's father Geppetto, the current Italian president, Oscar Scalfaro, tries desperately to oil the nation back together. Bossi's left hand is held forward, with the middle finger extended — in that most familiar of gestures.

"It's not intended as an offense to the president," says Alessandrini, whose float also includes a caricature of Prime Minister Giuliano Amato dressed as a casino card dealer. "This is simply an expression of Bossi's character, because he is a very vulgar person. But if I have to go to jail, then so be it, even though nobody goes to jail in Italy these days. Maybe I'll be lucky enough to have Craxi as a roommate."

Viareggio is about an hour's drive from Florence and less than half an hour from Pisa. Upcoming Carnevale parades are on Feb. 14, 21 and 23. Leaving from the Hotel Royal, they proceed along the lungomare, or sea boulevard, to the Piazza Mazzini, then to the docks, before returning to the Hotel Royal. Tickets cost 15,000 lire (about \$10) and can be bought at any of the gates to the parade ground.

Ken Shulman is an American writer based in Italy.

Hippest Digs in N.Y.: Still a Chelsea Morning

From Dylan Thomas to Sid Vicious

By Jean Nathan
New York Times Service

NEW YORK — It was a Chelsea morning. In the lobby of the 110-year-old Chelsea Hotel, delivery boys bearing take-out coffee tangled with art handlers carrying paintings to a truck parked outside. A woman sat making up her face surrounded by a dusty exhibition of residents' art work, acquired in some cases in exchange for rent. The son of Stanley Bard, the hotel's proprietor, was trying to find a pet store to take the seven progeny of a guest's rabbit. The mail was just in; the switchboard was already jammed.

The Chelsea has always been a sort of Tower of Babel of creativity and bad behavior. Some of the world's most gifted and most destructive minds have called 222 West 23rd Street home.

"The Chelsea was not part of America, had no vacuum cleaners, no rules, no taste, no shame," Arthur Miller, who lived here for seven years, once said. "It was a ceaseless party."

And a long-lasting one. Dylan Thomas was sliding into alcoholic self-destruction long before the night in the mid-1960s when Edie Sedgwick set the place on fire in a drugged-out haze or the night the Sex Pistols' Sid Vicious stabbed his girlfriend Nancy Spungen to death in 1978.

The Chelsea's continuum molds era into era, as Pete Hamill, who lived there for two years, described it in an essay: radicals in the 1930s, British sailors in the '40s, Beats in the '50s, hippies in the '60s, decadent poseurs in the '70s. Hamill's time line leaves off then, and so, some might have thought, would the Chelsea's. In a city not known for the length of its attention span, the worn red-brick 12-story structure wrapped in lacy ironwork balconies has somehow endured. Stubbornly resistant to change, the Chelsea is — still — hip.

Teenagers still flock to the front desk to request a visit to the Vicious room. It somehow makes sense that Madonna chose the Chelsea as a photo-shoot locale for her recent book "Sex" and that Woody Allen would shoot part of his next film, a "contemporary comedy/murder mystery," here.

Today, the tenant list includes a recent influx of well-recognized contemporary artists — like Julian Schnabel, Philip Taaffe, Peter Schuyff and James Brown, among others — all of whom could doubtless afford better. But nowhere could they find such a rich "karma circuit," as it is described by Raymond Foye, who for a dozen years has had his Harman Books publishing office here and who recently took an apartment across the hall.

When the Chelsea Hotel was built in 1883, it was, at 12 stories, the tallest building in Manhattan. It was conceived as the city's first major cooperative apartment house, owned by a consortium of 10 wealthy families. By 1903, the Chelsea was bankrupt. In 1905, it was reopened as a hotel, the original apartments broken up in the oddest of divisions, so that now no two units are alike.

By 1939, the hotel, in bankruptcy again, was bought by David Bard, Stanley's father. In 1957, Stanley Bard took over, and for the last 35 years he has proudly, carefully peopled his own peculiar ark, guided by his own inexplicable and eccentric methodology: there's always room at the inn if he likes you.

Though Stanley Bard lives in Englewood, New Jersey, running the Chelsea has been his life; his stated mission is "to provide a place for art and the artists." But at 58, he is winding down. "I want to play my tennis," he

said. "I want David to run and operate it now."

David, 27, his son, is more concerned with business. "David has set out on a path to make the place as much for tourists as other hotels," Stanley Bard said. "We get the artist and the writer. David wants us to get the dealer and the publisher."

Two years ago, David Bard embarked on a program to upgrade and renovate, although no one but the Bards seems to have really noticed. The front desk now has a fax machine and cable television has been put in. David Bard has been given 25 apartments to make into conventional hotel rooms and suites. On any given day, 15 percent of the hotel's 400 rooms are occupied by transient guests, paying a nightly rate from \$85 to \$250. (Monthly rents range from \$300 to \$3,000.) The Bards say that they have been repeatedly courted by various hotel corporations but that they have no plans to sell the Chelsea.

Although the staff is exceedingly cooperative, services are scanty by most normal hotel standards. There's no room service, but the quaint 63-year-old restaurant El Quijote downstairs has been known to send up an order of margaritas. There's even a house dentist, Peter Ferro, whose office was once Arthur Miller's apartment.

"I present my palace," said Amelia Therese, 21, the granddaughter of Charlie Chaplin and the great-granddaughter of Eugene O'Neill, himself a past tenant.

She threw open the door to her tiny room, wallpapered with scraps of fabric and glands of Christmas lights. A toaster and a hot pot are bookends to a row of her great-grandfather's collected plays set out on a broken-down desk. Therese first came to the Chelsea on her 18th birthday — a ticket to New York City being the present. She planned to stay for two days, but checked out two months later. "It was the first place I ever felt at home," she said. Therese grew up all over Europe in her parents' traveling circus.

NOW, FOUR years later, she is ending her sixth visit here. "I love this place, and all its contradictions," she said. "It reminds me of Naples. Only there do you find the same chaos and extremes."

Philip Taaffe has just forsaken Naples for the Chelsea. It was five years ago that the painter moved there from Manhattan, but when he decided last year to return home, he was downcast at the thought of trading his 17th-century villa with its view of the Bay of Naples for a New York apartment. A friend called him in Naples the minute she heard that Virgil Thomson, the composer, who had lived and worked at the Chelsea since 1938, had died.

Susanne Bartsch, the pianistic hostess, came to the Chelsea for a Valentine's Day tryst in 1981 — and never left. When that relationship ended, her then-boyfriend bequeathed her his apartment. Bard approved, but the former boyfriend's current lover did not. Bartsch came home one night to find the toilet, every closet, every drawer glued shut. "It was kind of a major artwork," she remembered. "But I just unglued the joint and moved in."

Even unglued, her place is still "kind of a major artwork," cotton candy boudoir in the living room; the red-on-red bedroom's centerpiece, a four-poster Chinese opium bed; wigs and feather boas spilling out of closets; and an entrance hall of paintings of drag queens (to exit one walks through the legs of one).

She added: "I love the Chelsea, as mad as it is."

THE MOVIE GUIDE



Cathy Moriarty, acting in the movie-within-the-movie in "Matinee."

Matinee
Directed by Joe Dante.
U.S.

Here is an expert parody of a 1960s horror film about a mishap involving man, ant and X-rays at a dentist's office. The man is accidentally transformed into a large, insect mutant. His wife (Cathy Moriarty) pleads: "Oh, Bill! If you could just listen to the man in you and put the insect aside!" Kevin McCarthy, star of "Invasion of the Body Snatchers" and one of this film's many reminders of horror classics, turns up with a megaphone to shout: "Come down off that building! We've got sugar for you!" It's clear that "Matinee" is a labor of love on the part of the director Joe Dante, who has his own horror credits ("Piranha," "The Howling," the "Gremlins" films) and an obvious taste for mischief. (Dante collaborated with the screenwriter Charlie Haas, who wrote Dante's

Les Visiteurs
Directed by Jean-Marie Poiré, France.

These bewitched visitors from the Middle Ages — a chevalier and his valet — ejected from their castle, land in the middle of today's tarnished nobility. Jean Reno is perfectly dignified as the displaced Sir, who persists in speaking what sounds like antique French laced with pig-Latin. Christian Clavier (who co-wrote the script) plays the valet, as well as his own tacky descendant, manager of the castle that is now open for business as a hotel. Best of all is Valérie Lescaer, ferociously funny as both *la belle dame sans merci* and an updated provincial princess. Point, an old hand with burlesque, brings fine moments to this space odyssey, a kind of reverse-gear Connecticut Yankee in King Arthur's Court. It may not be Mark Twain, or Jacques Tati for that matter, but his raggad style is brazenly vulgar to the best sense.

(Joan Dupont, IHT)

Lonrho's plans for the future are well laid

The Rights Issue raised £86 million

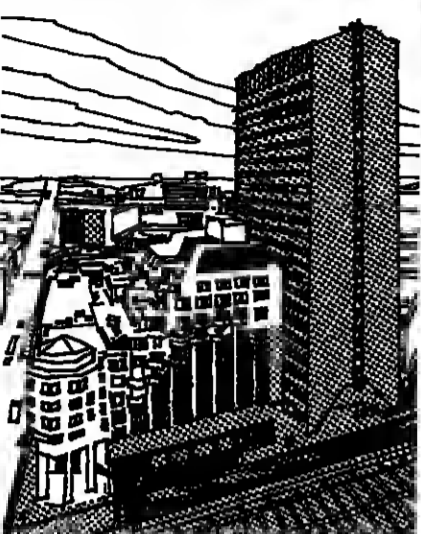
R W Rowland, Joint Chief Executive

Dear Shareholders,

Lonrho's recent Rights Issue was targeted to raise a guaranteed £85 million of direct investment into your Company. The Rights Issue, at 85 pence a share, was 13 pence above the market price.

Through the Rights Issue your Board has been able to secure a new Joint Chief Executive who could not be better qualified to take Lonrho into a new era of growth. We all welcome Mr Dieter Bock to the Board, both as an outstanding businessman in his private companies and now as a substantial investor in Lonrho.

Three further appointments to the Board have been made from within the Lonrho Group of 700 companies. John Hewlett is in charge of new agricultural developments, other than sugar, and intends to take Lonrho's experience of large-scale commercial ventures also into Eastern Europe.



The London Metropole Hotel.

Sam Jonah has been responsible for the renaissance of the world-famous Ashanti gold mines, which in the next two and a half years will exceed the million ounces per year mark. Nicholas Morrell directs Lonrho's printing and publishing operations and is responsible for the Company's trading activities with Nigeria.

The Rights Issue, together with the disposal of V-A-G (United Kingdom), has enabled the Group to reduce borrowings by a further £236 million and gearing is down from the 70% reported in 1991 to 42%.

The past year has been the most difficult in your Company's financial history.



Southampton Princess - Bermuda.

Shareholders, especially long-term holders, will have been sorry to see Lonrho drop out of the 'FOOTSE' London Stock Market Index during the year, but I expect we will be in a position to return before long.

While taking up the many excellent opportunities which we have in Europe, Lonrho intends to continue the Group's presence as the largest British investor in Africa, where we have been successful and happy. Our operations in Africa are well managed and still expanding at some pace. Democratic governments are likely to encourage trade rather than pursue the nationalising and parasitising ideas of the past.

Several countries have been able to relax Foreign Exchange restrictions with the support of the International Monetary Fund, and the resulting freer movement of currency will benefit Lonrho Plc and local Lonrho subsidiaries in Africa.

The Group's mines and hotels have been the principal objects of capital expenditure during the past five years. Your Board believes we have not seen the full potential of these assets. The major programmes are complete, with the

Assuming no further expansion, it is envisaged that platinum group metal production will continue increasing, finally stabilising at over 900,000 ounces a year.

In Zimbabwe gold production was at an all-time high at over 169,000 ounces. The Group's coal mines have increased the average price received for coal by upgrading the quality, resulting in record profits. Hando Oil & Gas sold all of its United States oil and gas operating properties in 1992 and will now focus on the exploration and development of the Opon gas structure in the Middle Magdalena Field in Colombia.

was 4% up at nearly half a million tonnes and average prices attained have also increased. The expansion of the Suomaa estates and milling capacity in Malawi will be completed during 1993.

In Kenya arable crop yields were the highest ever recorded. The export base of Farmers Choice, the meat processing company, was expanded to include Malawi, Mauritius, Uganda and Tanzania, in addition to the United Arab Emirates. Lomaco in Mozambique incurred losses in 1992 as a result of the drought and exceptionally low cotton prices. Lomaco will benefit substantially in 1993 from the declaration of peace and the restructuring of its operations.

and cotton exports were a major foreign exchange generator.

As a result of the drought, returns from the ranching operations in Zimbabwe were poor and crop yields were lower but the timber operations held up well.

HOTELS

As a result of the issue of shares in the Metropole Group to Lafico in March 1992, £177.5 million was raised which was mainly used to repay borrowings.

Although trading profits at the Metropole Hotel Group were down for the year as a whole, the second half of the year was much improved. The London Metropole extension opened in November 1991 and performed well in the first year of trading. As a result of the addition of the large new conference facilities, the hotel has hosted a number of major conferences for blue chip companies and is firmly established as a prime conference venue.

Princess Hotels experienced a difficult year with the United States remaining in economic recession. Costs continue to be tightly controlled and Princess are well placed to take advantage of any upturn in the markets.



Mercedes-Benz trucks distributed by Star Commercial Motors in Zambia.

cycles and increased its market share to 42%. Sales of Yamaha outdoor engines and fibreglass boats, which are produced locally, again increased in volume.

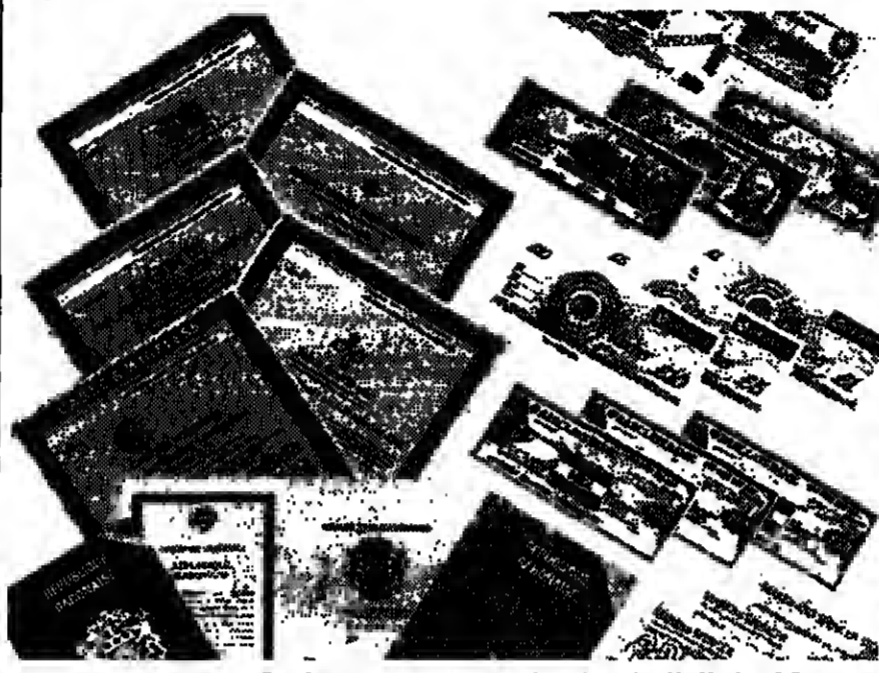
Vitrex Patius in Zambia produced excellent results despite a limited supply of raw materials. In Zimbabwe W. Dahmer manufactured and sold buses and trucks during the year but was constrained by competition in the truck market from overseas aid programmes.

Petrozim Line, the 50% held joint venture with the Zimbabwe Government, commenced construction of an oil pipeline between Ferika and Harare being an extension of the 196 mile pipeline from Beira. The laying of pipe underground is already nearly complete and work is progressing on oil terminals at both ends of the pipeline.

TEXTILES

Despite the difficult trading conditions Lonrho Textiles increased sales through its Brentford shops and the mail order trade, while demand from third parties for piece goods declined, very much in line with consumer activity.

In the Retail divisions, Brentfords, with over 150 stores, has developed a chain of successful Factory shops aiming at the discount sector of the market. The Accord shops have

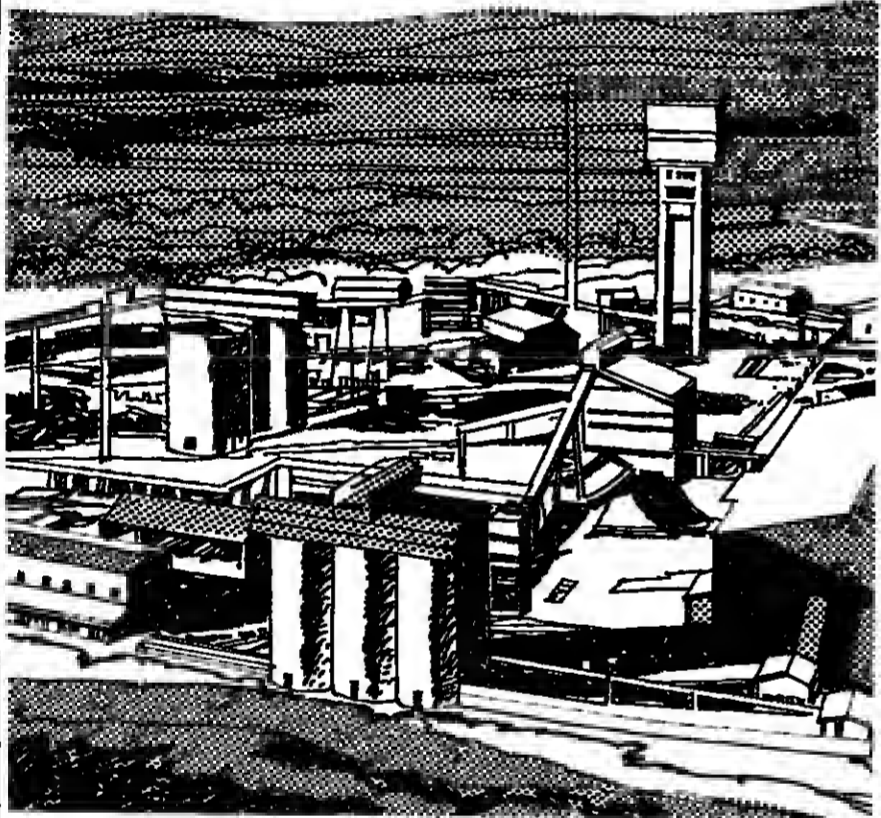


Specimen bonds, passports, travellers cheques, currency notes and gift vouchers printed by Harrison & Sons - High Wycombe.

1992/93 HIGHLIGHTS

- Mr Dieter Bock becomes Joint Chief Executive.
- The sale of V-A-G (United Kingdom) on 5 February 1993 has enabled Group borrowings to be reduced by £155 million.*
- Gearing now down to 42%.**
- Disposals of non-core businesses showed a profit of £130 million.
- Profits in a most difficult year fell from £205 million to £80 million.
- Earnings per share for 1992 were 1.2 pence, compared to 13.9 pence in 1991, but including extraordinary items they were 13.0 pence compared to 11.1 pence.
- Net assets per share are 157 pence.***
- Final dividend of 2 pence, bringing the total dividend for the year to 4 pence.

* Group borrowings as published in the Rights Issue circular.
** Gearing is based on net borrowings at 30 October 1992, adjusted for the proceeds of the Rights Issue and the sale of V-A-G (United Kingdom) Ltd, as a percentage of shareholders' funds plus minority interests, as published in the Rights Issue circular.
*** Based on figures at 30 September 1992 adjusted for the Rights Issue and the sale of V-A-G (United Kingdom) Ltd.
The final dividend will be paid on 16 April 1993.



Western Platinum - No. 4 shaft concentrator and headframe.

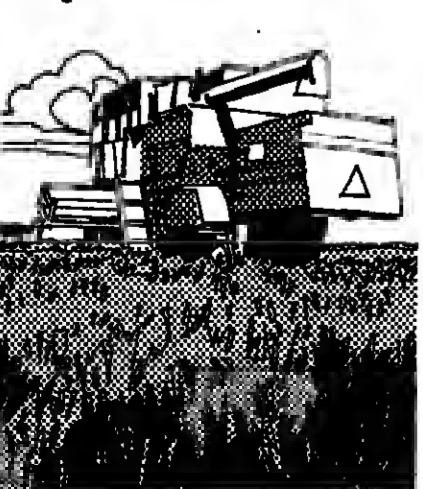
Falling precious metal prices have been of the greatest concern, since your Company is a major producer of gold and platinum group metals. Economy and efficiency at the mines are always improving, but an increase in world demand is what we need.

The depressed world economy has hurt many of Lonrho's businesses despite the diversification of the Company. It was particularly sad that during a difficult year the agricultural division, such a constant contributor to profits, met with the worst drought in living memory in Southern and Central Africa. The Sugar division, however, was able to make record profits.

We sought as a Board to find practical and positive responses to the sharp downturn in income. As I wrote to you in the Rights Issue circular a short while ago, signature businesses will remain within the Group, and asset sales will reduce borrowings until they reach a level which benefits shareholders.

In the financial year under review, disposals of non-core businesses showed a profit of £130 million.

Lower United Kingdom interest rates on reduced borrowings will be beneficial during 1993.



Massey Ferguson combine harvester in Kalingwa Estates' soya bean fields - Zambia.

result that capital expenditure in 1993 will fall substantially. Finally I should like, on behalf of the Board, to thank all the very many people who work for Lonrho for their hard work and initiative during the past year. We'll be doing better next year, thanks to them.

Yours sincerely,
R W Rowland

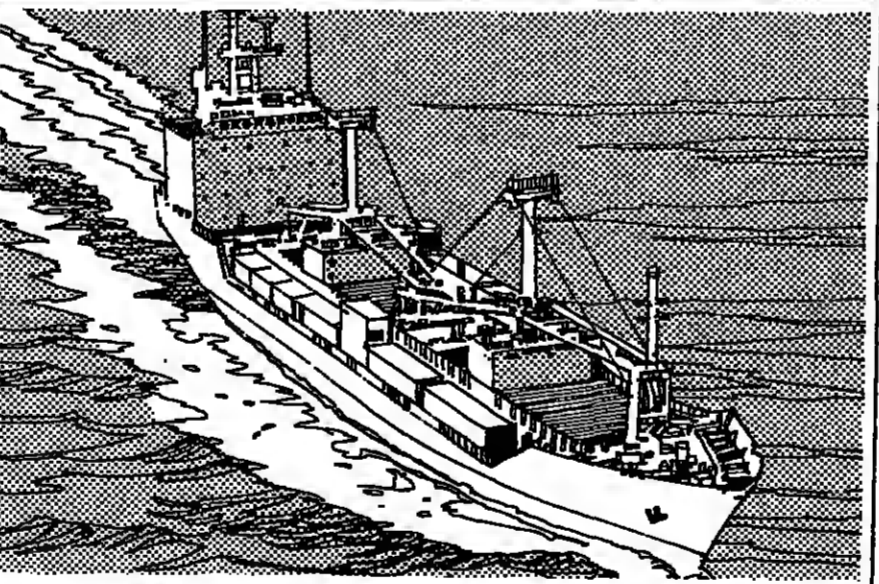
The following text is taken from the Review of Operations for the year ended 30 September, 1992.

MINING & REFINING

Gold production at Ashanti was a record 654,000 ounces in 1992 and the company remains on target to produce one million ounces by 1995-96. Despite depressed gold prices the company achieved record bullion revenues of US\$240 million and produced at an operating cost of US\$175 per ounce.

Current expansion plans are expected to place Ashanti Goldfields amongst the world's top five producers of gold. The US\$140 million funding for this US\$300 million project was completed by Ashanti with the I.F.C. in December 1992, and the remaining US\$160 million will be obtained from internal revenue generation.

The Group's three platinum mines produced 691,000 ounces of platinum group metals in 1992, almost double the level in 1989. The major capital expansion programme is rapidly coming to an end. The three platinum mines now have a combined milling capacity of almost 8 million tonnes a year and it is planned to achieve this throughput level towards the end of 1993.



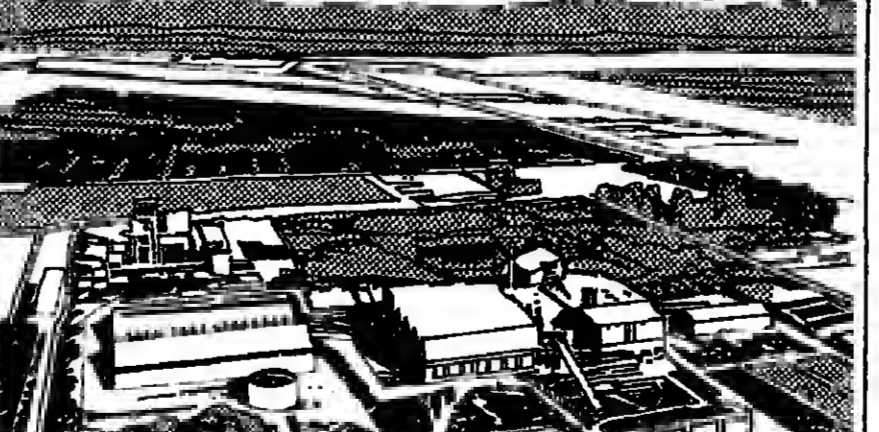
The 285,000 cu.ft. 'Blue Ice' - one of three Shanghai-built refrigerated vessels commissioned by Krupp Lonrho.

AGRICULTURE

Lonrho is the largest commercial food producer in Africa where the Group's sugar activities reported record profits in 1992, with increased contributions from all countries compared to 1991. Production

Doangwa Sugar Factory - Malawi.

Your Company was directly involved in the peace settlement. Tea production in Malawi was the lowest for a number of years. Despite the serious drought in Zambia, Kalingwa Estates achieved good profitability.



New Sansu oxide plant - Ashanti Gold Mine, Ghana.

Business in Kenya has not returned to the levels achieved before the Gulf War. The Ark Lodge has been extended, and improvements were made at Sweetwaters Tented Camp and the Aberdare Country Club.



Jack Barclay, Rolls-Royce and Bentley distributor - London.

In its first full year of trading the new 104 room Labadi Beach Hotel in Ghana has traded well and in Mozambique the Hotel Cardoso has achieved an excellent profit contribution. The Merville Beach Hotel, Mauritius, has made a rapid recovery from the Gulf War period with occupancy and profitability up significantly.

MOTOR DISTRIBUTION

The sale of V-A-G (United Kingdom) for approximately £124 million was announced in December 1992.

The Dutton-Forsyth Motor Group has been restructured under new aggressive management. The relaxation on multi-franchising has made it possible to take on additional franchises such as Nissan and Citroën in three locations.

Jack Barclay has maintained its position as No. 1 Rolls-Royce and Bentley distributor and was profitable, albeit at a reduced level compared to previous years.

Lonrho is the largest motor distributor in Africa with agencies for Mercedes-Benz, Toyota, Peugeot, Audi, Volkswagen, Mitsubishi, Nissan, Fiat, Massey Ferguson, Rover Group, Renault, General Motors, Yamaha and other manufacturers. Despite a significant reduction in the number of vehicles sold in Kenya, the Motor Mart Group maintained its position as the largest motor vehicle and agricultural equipment supplier in Kenya.

PRINTING & PUBLISHING

George Outram & Company and Scottish & Universal Newspapers were sold during the year at substantial premiums.

Harrison & Sons, the high security printer, has made further progress in developing its position as one of the world's leading printers of currency, achieving its highest ever level of currency sales in the year. The company had a successful year in many of its established product groups, the most notable achievement of which was the renewal of the contract with the British Post Office.

A highly successful innovation at Harrisons has been the development of its sophisticated security registration system, primarily designed for use with the new generation of passports and identity cards. The Observer has improved its trading performance in the highly competitive Sunday quality market.

ENGINEERING

The loss-making Firsteel Group was sold to its management in 1992, although Sheer Frise, the office furniture manufacturer, was retained. Yamaha Manufacturing, part of John Holt Plc in Nigeria, is the distributor of Yamaha motor

increased the number of outlets and broadened their store based outlets.

The David Whitehead Group increased sales from its industrial and domestic manufacturing divisions despite depressed United Kingdom and European markets.

The Group's textile operations in Malawi were affected by both the drought and the liberalisation of imports.

In Zimbabwe David Whitehead's operations were also severely restricted by the drought.



New weaving preparation plant - David Whitehead Textiles, Zimbabwe.

impacting on the supply of cotton lint, on water for the dyeing operations and on disposable incomes affecting local demand for products.

INTERNATIONAL TRADE & GENERAL

Despite the general stagnation of demand for rolled steel products on the international steel markets, Krupp Lonrho's steel export division supplied more than 1.7 million tonnes of steel products to 70 countries. The international ocean shipping market was subject to considerable turmoil in 1992, nevertheless the Krupp Lonrho bulk ocean shipping fleet of 3.6 million tonnes, and Europe's largest, was fully occupied during the year.

Lloyd's broker F. E. Wright maintained its profitability in 1992.



Lonrho House - Nairobi, Kenya.

Lonrho CIS has expanded its operations in the Commonwealth of Independent States. Batumani Hinde, the Group's cotton merchant, reported good profits on an increased turnover, despite the global textiles recession.

Balfour Williamson increased profits and strengthened its procurement operations especially in Eastern Europe and Africa. Notwithstanding the continuing severe recession in the construction industry the Stanley Turf Holdings Group produced a satisfactory profit.

The text is taken from the Chief Executive's Statement and Review of Operations contained in the Report and Accounts for the year ended 30 September, 1992 which will be published in early March. Copies will be available from the Secretary, Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL.

The eighty-fourth Annual General Meeting of Lonrho Plc will be held at The Barbican Hall, Barbican Centre, Silk Street, London, EC2Y 8DS on Friday, 2nd April, 1993 at 11.00 a.m.

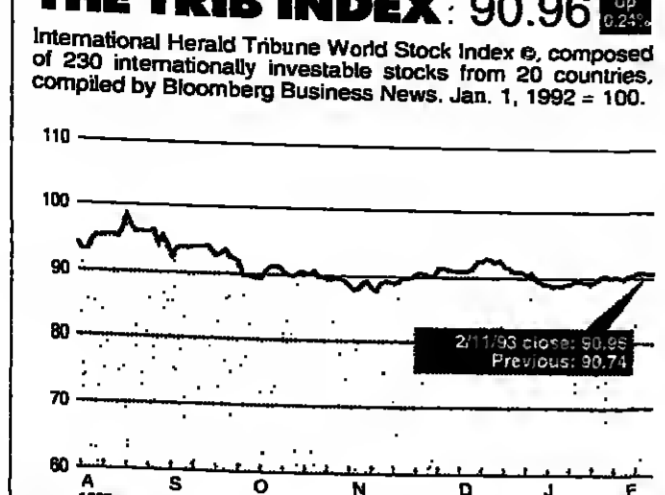
LONRHO

Lonrho Plc, Cheapside House, 138 Cheapside, London, EC2V 6BL

صكنا من الامل

Get Russia Involved in Peace Duty

THE TRIB INDEX: 90.96



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland.

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors (Energy, Utilities, Finance, Services) and a list of top 20 issues.

IBM Faces Still More Staff Cutbacks

By Steve Lohr. NEW YORK — With its business continuing to weaken, IBM is preparing to cut its work force this year by far more than the 25,000 people it had previously announced.

Other analysts said they had also been told privately by IBM officials that additional job cuts were being planned. A big target of job reductions, they said, will be the marketing and support staff, in an effort to trim IBM's sales and administration expenses.

But several consultants say that new work-force reductions are indeed pending. Unlike Mr. Mandresh of Merrill Lynch, however, they did not make specific projections about the number. Precise figures, they say, would be difficult because under IBM's new decentralized management structure the heads of different operations like mainframes, personal computers, software and others are given financial targets and told to do what is necessary to achieve the stated goals.

Ex-Soviets Lag Economies in Rest of East

By Erik Ipsen. LONDON — Economic prospects in Central and Eastern Europe are looking up while the economic rot in the former Soviet Union is, if anything, accelerating.

Even more encouraging, industrial production in Central and Eastern Europe actually rose in the final quarter of the year, paced by a 3 percent jump in Poland. That turnaround coupled with the effects on agricultural output of the expected end of last year's drought led the bank cautiously to predict a return to growing economies this year.

Record Loss, but GM Chief Claims Gains

By Lawrence Malkin. NEW YORK — Despite another record corporate loss due mostly to health care costs, the new boss at General Motors reported Thursday that his aggressive program of cutting costs and dumping unprofitable businesses was starting to show results.

NBC News Ads Reinstated

DETROIT — General Motors Corp. said Thursday that it was reinstating advertising on NBC News, just one day after the automaker said it would pull its ads from the network's news programs.

They did. Accepting management's sanguine outlook, investors pushed GM stock up by \$1.25 cents to close at \$40.50 a share on the New York Stock Exchange.

WALL STREET WATCH

Phone Companies in Line For More Cable TV Deals

By Geraldine Fabrikant. NEW YORK — Cable television stocks and companies with cable holdings have benefited from the news that Southwestern Bell Corp. would spend \$650 million to buy two cable systems in the Washington, D.C., area.

Auditors Called In At Hoover

DIJON, France — The employees committee at Hoover Co.'s factory near Dijon has called in auditors to go over the company's accounts to see whether an alternative is possible to the U.S. management's decision to close the site and move production to Scotland.

Another Daimler Offer for Fokker

By Barbara Smit. AMSTERDAM — The future of Fokker NV hung again in the balance Thursday as the Dutch government considered what may be the final offer for the troubled aircraft manufacturer from Germany's Deutsche Aerospace AG.

Manage Japan Trade, Business Urges U.S.

By Keith Bradsher. WASHINGTON — The U.S. government's top private sector advisory panel on trade, made up of the chairman of some of the nation's largest corporations, called in a report Thursday for a more managed approach to trade with Japan, setting specific market share targets for American exports.

More Grim Results Expected From U.K. Banks

LONDON — British investors' love affair with the shares of the country's biggest banks will be severely tested in the next three weeks as the banks, led by Lloyds Bank PLC on Friday, disclose their 1992 earnings. They are widely expected to make for exceedingly dismal reading for the third year running.

Barclays and National Westminster have considerably more scope for cuts and are seen as better positioned to weather the storm. But some analysts warn that this is a game that cannot go on indefinitely without cutting into the muscle of their organizations.

CURRENCY & INTEREST RATES

Table with columns for Cross Rates, Eurocurrency Deposits, Key Money Rates, and Forward Rates. Includes data for various currencies and interest rates.

BANQUE NATIONALE DE PARIS

US\$ 400,000,000 - floating rate notes 1984 due 1995. The rate of interest applicable to the interest period from 10 February 1993 to 10 August 1993, as determined by the reference agent is 5 1/4% per annum.

Advertisement for Herald Tribune featuring a photo of a man and text: 'LIVING IN THE U.S.? NOW PRINTED IN NEW YORK FOR SAME DAY DELIVERY IN KEY CITIES TO SUBSCRIBE, CALL 1-800-882-2884'.

MARKET DIARY

T-Bond Sale Gives Wall Street a Lift

NEW YORK — Prices on the New York Stock Exchange advanced Thursday on reports of strong demand in the final leg of the Treasury's \$35.5 billion debt sale.

The stock market also was bolstered by rallies in leading companies such as AlliedSignal Inc.

Sears, Roebuck & Co. and General Motors Corp. The Dow Jones industrial average ended a three-day slide by rising 10.27 to 3,422.69.

The Dow industrials were buoyed by the 4-point gain in the benchmark 30-year bond as the yield fell 5 basis points to 7.20 percent.

Standard & Poor's 500 index rose 1.43 to 447.66 and the New York Stock Exchange Composite index advanced 0.79 to 246.72.

Yen's Surge Redoubles On New U.S. Comment

NEW YORK — The dollar ended mainly lower on Thursday amid lingering speculation that Western governments favor bolstering the yen to curb Japanese exports.

Traders and investors have driven the yen 2.5 percent higher against the dollar this week on prospects that Treasury Secretary Lloyd Bentsen will announce plans to bolster the yen after he meets with Finance Minister Yoshiro Hayashi of Japan on Friday, analysts said.

The dollar slid to close in London at 119.95 yen, down from 120.85 yen on Wednesday.

The British pound eased to \$1.4175 from \$1.4237.

A flurry of yen purchases began after U.S. Speaker of the House Thomas S. Foley said he thought President Bill Clinton may favor policies to strengthen the yen.

The comment fueled speculation that Friday's meeting with Mr. Bentsen and Mr. Hayashi might result in an agreement to support the yen.

Investors who drove the yen higher may be disappointed tomorrow, analysts said.

"Bentsen's more likely to press Japan and Germany to stimulate their economies," creating more demand for American imports, said Marc Chandler, senior foreign-currency strategist at IDEIA, a consulting firm.

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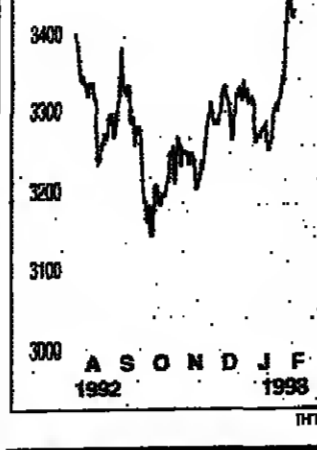
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The Dow

Daily closings of the Dow Jones industrial average



3000 A S O N D J F 1992 1993

Dow Jones Averages

Table with columns: Open, High, Low, Last, Chg. for various Dow Jones averages.

Standard & Poor's Indexes

Table with columns: High, Low, Close, Chg. for S&P indexes.

NYSE Indexes

Table with columns: High, Low, Close, Chg. for NYSE indexes.

NASDAQ Indexes

Table with columns: High, Low, Close, Chg. for NASDAQ indexes.

AMEX Stock Index

Table with columns: High, Low, Close, Chg. for AMEX stock index.

Dow Jones Bond Averages

Table with columns: Class, Close, Chg. for Dow Jones bond averages.

Market Sales

Table with columns: NYSE, AMEX, NASDAQ, Volume, High, Low, Last, Chg.

N.Y.S.E. Odd-Lot Trading

Table with columns: Buy, Sell, Short, Volume, High, Low, Last, Chg.

S&P 100 Index Options

Table with columns: Strike, Call, Put, Last, Chg.

NASDAQ Diary

Table with columns: Class, Prev., Change, Declined, Unchanged, Total Issues, New Issues, New Lists.

EUROPEAN FUTURES

Table with columns: Close, High, Low, Prev. Close, Chg. for European futures.

Metals

Table with columns: Close, High, Low, Prev. Close, Chg. for metals.

Stock Indexes

Table with columns: Close, High, Low, Prev. Close, Chg. for stock indexes.

Spot Commodities

Table with columns: Commodity, Today, Prev. for spot commodities.

Dividends

Table with columns: Company, Par, Ann, Div, Pct, Div. Yr for dividends.

US. FUTURES

Table with columns: Section, High, Low, Open, High, Low, Close, Chg. for US. futures.

Grains

Table with columns: WHEAT, SOYBEANS, CORN, High, Low, Open, High, Low, Close, Chg.

Metals

Table with columns: HIGH GRADE COPPER, SILVER, GOLD, High, Low, Open, High, Low, Close, Chg.

Livestock

Table with columns: CATTLE, HOGS, PORK BELLIES, High, Low, Open, High, Low, Close, Chg.

Food

Table with columns: COFFEE, SOYBEAN OIL, High, Low, Open, High, Low, Close, Chg.

Financial

Table with columns: US. T. BILLS, US. TREASURY, High, Low, Open, High, Low, Close, Chg.

U.S. / AT THE CLOSE

U.S. Retail Sales Edge Up in January

WASHINGTON (Combined Dispatches) — Retail sales increased a modest 0.3 percent in January, the Commerce Department said Thursday.

In another economic indicator, new claims for unemployment benefits fell by 17,000 in the week ending Jan. 30, the Labor Department said Thursday.

Sears Will Upgrade Retail Outlets

NEW YORK (Bloomberg) — Sears Roebuck & Co. said Thursday that it will spend \$4 billion over the next five years to upgrade its U.S. retail stores.

The retailer also said it expects the consolidation of its Merchandise Group into three major units — hard goods, soft goods and automotive — to produce \$1 billion in additional cash flow over the next five years.

Separately, Sears said its Allstate Insurance Co. insurance unit planned to raise \$1 billion in capital this year.

Lockheed Expects to Top Forecasts

NEW YORK (UPI) — Lockheed Corp. executives issued a bullish forecast Thursday, saying they expect the aerospace giant to top Wall Street analysts' forecasts this year.

The executives, in a meeting with analysts, said they expected Lockheed's consensus profit estimates for 1993, which see an increase of 6 percent to 9 percent to a range between \$6 and \$6.15 a share.

Goodyear Will Sell Roofing Business

AKRON, Ohio (UPI) — Goodyear Tire & Rubber Co. said Thursday it had agreed to sell its roofing-systems business to Carlisle Companies Inc. of Syracuse, N.Y., for an undisclosed price.

Not Guilty Plea in Phar-Mor Case

CLEVELAND (AP) — The former president of Phar-Mor Inc. pleaded not guilty Thursday to charges he engineered a \$1 billion fraud that forced the discount drugstore chain to seek bankruptcy court protection.

Mr. Monus, 45, was indicted on one count of conspiracy, two counts each of mail fraud, bank fraud and filing a false income tax return, four counts of wire fraud and 118 counts of money-laundering.

For the Record

Williams Cos. and Enron Gas Services Corp. have signed a letter of intent under which Enron will acquire Williams' Louisiana Resources Co. subsidiary and other gas and gas liquids business activities in Louisiana for about \$170 million in cash.

Metro-Goldwyn-Mayer Inc. said it had formed a unit to enlarge its European movie theater operations and was seeking new sources of funds for expansion.

WORLD STOCK MARKETS

Agence France Presse Feb. 11

Table with columns: City, Close, Prev., Change for Amsterdam.

Table with columns: City, Close, Prev., Change for Helsinki.

Table with columns: City, Close, Prev., Change for Hong Kong.

Table with columns: City, Close, Prev., Change for Brussels.

Table with columns: City, Close, Prev., Change for Frankfurt.

Table with columns: City, Close, Prev., Change for Johannesburg.

Table with columns: City, Close, Prev., Change for Madrid.

Table with columns: City, Close, Prev., Change for London.

Table with columns: City, Close, Prev., Change for Milan.

Table with columns: City, Close, Prev., Change for Singapore.

Table with columns: City, Close, Prev., Change for Stockholm.

Table with columns: City, Close, Prev., Change for Montreal.

TO OUR READERS

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Market Closed The stock market in Tokyo was closed Thursday for a holiday.

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Get Russia Involved in Peace Duty

Metal Prices Present a Challenge To Preussag

HANNOVER, Germany — Preussag AG said Thursday that group net profit had risen 3.5 percent in the year through Sept. 30, 1992, and forecast that earnings this year would again be restrained by its nonferrous metals business.

The engineering and energy company's net rose to 440.2 million Deutsche marks (\$265 million) from 425.5 million a year earlier. Earnings per share fell to 31 DM from 33 DM, Ernst Pieper, the chief executive said. The company plans to keep its dividend unchanged at 10 DM.

Consolidated group sales for the 1992 business year declined 4 percent, to 28.5 billion DM.

Mr. Pieper said earnings in the year remained steady thanks to "positive developments in our growth areas" such as environmental and information technology, "which balanced the decline in earnings in steel and nonferrous metals." Steel and nonferrous metals account for 11 percent of group profit.

But in the first quarter of the current business year, sales fell 5 percent to 6.0 billion DM as the slump in the world economy continued and Germany headed into recession, Mr. Pieper said.

He said it was "certain" that this year's earnings would be hurt by the decline in nonferrous metals and because of the cost of investing in information technology.

Preussag Stahl AG suffered in 1991-92 due to oversupply in the steel industry, Mr. Pieper said.

Preussag plans to cut 1,500 jobs at the steel unit "in the medium term," he said. The company employed 73,680 people at the end of business year 1992.

Earnings from the nonferrous metals business were hurt due to the oversupply of lead and zinc in Western markets, Mr. Pieper said dumping by East European producers depressed earnings.

But earnings at Preussag's French unit Metalurop SA are improving in this business year because of restructuring and cost cutting, he said.

Metalurop's net loss narrowed to 167 million French francs (\$30 million) in the 1992 business year from 597 million francs.

Bérégovoy Seeks Quick EMU

But Delors and Tietmeyer Back the Current Timetable

PARIS — Prime Minister Pierre Bérégovoy of France suggested Thursday an acceleration of the European Community's monetary union, based on closer cooperation between France and Germany. But there was opposition to this idea from Jacques Delors, president of the EC Commission, and Hans Tietmeyer, the Bundesbank vice president, who said the current timetable was adequate.

Mr. Bérégovoy, whose Socialist Party is widely expected to lose power after legislative elections next month, said: "I am in favor of accelerating the construction of economic and monetary union. We will have to have a serious discussion of this with Germany and other partners this year," he said.

Noting that under the Treaty on European Union France was obliged to legislate after January 1, 1994, to make its central bank independent, Mr. Bérégovoy said: "There is no reason why the process should not be accelerated."

Asked if he favored a commitment to introduce a single EC currency at the earliest date set in the treaty, he said: "If we could achieve it on Jan. 1, 1997, I would be delighted. If we could do it before, I would be doubly delighted." A single currency is due under the treaty in 1997 or 1999.

But Mr. Delors, also a French Socialist, said in Brussels that there was a majority view for sticking to the timetable set out in the Maastricht treaty for economic and monetary union.

There would be negative public reaction to a small core of countries pushing ahead for full monetary union before 1997, he said in Brussels, adding "it would not be a drama if in January 1997

seven countries started EMU and left open the chance for others to join later."

Mr. Tietmeyer, vice president of the German central bank, told a financial conference in Paris he was opposed to bringing forward the timetable for economic and monetary union because countries need time to prepare for a single currency.

"We feel the Maastricht treaty has set the right conditions and the right timetable. It would not be appropriate to change the timetable," he said.

He added that setting up a single currency in the years immediately ahead could be "dangerous." Germany for one, needed time to overcome the big economic challenge of unification.

French authorities are anxious to cement the franc to the Deutsche mark after recent speculative attacks on the French currency. It has survived in its value bands against the mark in the exchange-rate mechanism of the European Monetary System with crucial help from the Bundesbank, but there has been speculation on an early move to a fixed parity as a lasting solution.

Other EC countries were unable to withstand speculative attacks on their currencies. In recent months, Ireland, Portugal and Spain were forced to devalue their monies, while Italy and Britain withdrew from the ERM.

But Mr. Delors said changes should be made within the currency grid. "A devaluation is not an absolute misfortune for the EMS... when changes are necessary, one must make them inside the system, not outside." (Reuters, AFP, Bloomberg)

Trafalgar Plans £205 Million Issue

LONDON — Trafalgar House PLC said Thursday that it planned to raise £204.5 million (\$290 million) in a one-for-two rights offering at 60 pence a share.

The price of shares in Trafalgar House fell by 4.5 pence to 83.5 pence on the London market, as the company also said it would cut its dividend for the financial year to Sept. 30, 1993.

Hongkong Land, a unit of Jardine Matheson Holdings Ltd. that has a 20.1 percent stake in Trafalgar, said it would take up its entitlement in the offering.

Trafalgar is a British construction, transportation and real estate group that owns the John Brown construction group and the Cunard cruise-line company. It said proceeds of the offering would be used to cut debt and strengthen its balance sheet and for investment in the company's construction and engineering division.

The company reported a £30.3 million pre-tax loss in the business year ended last Sept. 30, compared with a loss of £38.5 million a year earlier.

It said it expected to cut its dividend for the year to this coming Sept. 30, to 3.25 pence a share from 6 pence, and it will take a pre-tax charge of £100 million this year on the writedown of real estate values. It will also take a £20 million general provision on restructuring and other costs when it reports earnings for the first half, ending March 31.

Trafalgar said its net debt was £580.3 million as of Jan. 27, compared with £352.6 million on Sept. 30, 1992, reflecting the "substantial effect" of the devalued pound against the dollar.

In October, the group defended itself against an attempted partial takeover by Hongkong Land.

Trafalgar said it expected the decline in rental values in the British property market over the last three months to continue and that it would reschedule the development of its principal projects.

The company said it had hoped that the timing of the offering would have coincided with a recovery in business.

"However, as the general economic recovery continues to be delayed," it said, "the board has decided that it would be prudent to strengthen the group's balance sheet earlier."

Robert Fleming & Co. is underwriting the 281 million shares not being taken by Hongkong Land in the offering, Trafalgar said. UBS Phillips & Drew and Cazzovio & Co. will act as brokers for the offering. (Bloomberg, AFP)

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
1900	2000	2000	
1700	1700	1700	
1500	1500	1500	
1300	1300	1300	
1100	1100	1100	
900	900	900	
700	700	700	
500	500	500	
300	300	300	
100	100	100	
0	0	0	

Exchange	Index	Thurs. Close	Prev. Close	Change
Amsterdam	CBS Trend	98.50	97.30	+0.81
Buenos Aires	Stock Index	5,073.31	5,068.00	+0.37
Frankfurt	DAX	1,861.85	1,849.81	+0.46
Frankfurt	FAZ	649.78	648.52	+0.18
Helsinki	HEX	2,443.92	2,426.44	+0.23
London	Financial Times 100	2,388.00	2,374.70	+0.37
London	FTSE 100	2,388.00	2,376.40	+0.64
Madrid	General Index	2,857.20	2,855.40	+0.19
Milano	ISE	1,088.08	1,071.00	+0.30
Paris	CAC 40	1,906.57	1,893.32	+0.88
Stockholm	Aktieindex	1,128.25	1,122.87	+0.06
Viyenna	Stock Index	980.42	981.81	-0.38
Zurich	SBS	719.88	717.90	+0.24

Sources: Reuters, AFP International Herald Tribune

BP Sank Into Loss in 1992 Despite Rebound in 2d Half

LONDON — British Petroleum Co., burdened by heavy restructuring costs, weak demand and excess capacity in the industry, reported Thursday that it had fallen to a loss in 1992.

But, despite a poor year, the company, Britain's biggest in terms of revenue, stressed that its profitability had improved during the second half.

"It was a year of two halves," Chief Executive David Simon said. "The first half was very, very poor. The second half was very encouraging."

But BP warned that uncertainty over production levels by the Organization of Petroleum Exporting Countries and the extent of the economic recovery made the outlook for 1993 very uncertain.

For all of 1992 BP reported a loss of \$458 million (\$650 million), on a historical cost basis and after exceptional items, compared with a profit of \$415 million in 1991. On a replacement cost basis, the loss was \$352 million after a profit of £1.035 billion in 1991.

Historical cost accounting values oil inventories on the basis of what it cost to acquire, while replacement cost values oil stocks at their current market price.

Separately, BP America, a unit of British Petroleum, has agreed to pay \$630 million to settle a tax dispute with the state of Alaska, company and state officials said in Anchorage. The deal settled a dispute, dating back to 1982, over the way Alaska taxes non-U.S. corporations doing business in the state.

Ron McGimpsey, vice president of BP America, said that the tax settlement will not "have a material effect" on British Petroleum's results, however, because "adequate provision had already been established."

British Petroleum said that figures for the fourth quarter of 1992 showed that net profit on a historical basis rose to £136 million from £6 million a year earlier, while replacement cost net profit climbed to £193 million from £72 million.

Robert Fleming & Co. is underwriting the 281 million shares not being taken by Hongkong Land in the offering, Trafalgar said. UBS Phillips & Drew and Cazzovio & Co. will act as brokers for the offering. (Bloomberg, AFP)

BT's Income Holds Up Well

LONDON — British Telecommunications PLC on Thursday reported slightly lower profit for its third quarter ended Dec. 31 but signaled that improved market conditions had been sustained.

Pretax profit fell 7 percent, to \$705 million (\$1 billion), from a year earlier. Revenue was virtually unchanged at \$3.28 billion.

"The first signs of a slight improvement in volume growth were perceptible in the second quarter," said the chairman, Iain Vallance. "That improvement has continued into the third quarter."

Analysis pointed to a 1.2 percent growth in third-quarter domestic call revenue, along with a rise of 4.8 percent in international calls, as encouraging signs. "The rise has spread from international routes to inland routes, which is a sign that economic recovery might be filtering through into BT's performance," said James Ross, an analyst at Hoare Govett.

GM: Despite \$23 Billion Loss From Health Costs, Chairman Says His Program Is Working

DETROIT — General Motors Corp. Chairman Robert Stempel said Thursday that the company's health care program is working, despite a \$23 billion loss from health costs in 1992.

Mr. Stempel said GM's fourth-quarter results showed that his plans to cut costs and improve productivity in order to rebuild the foundation for future profitability "are firmly on track." Because of low sales and tough competition that shrank GM's U.S. vehicle-market share last year from 34.8 percent to 33.9 percent, he said, the company had to offer a "persistent high level of sales incentives."

To offset this, Mr. Stempel's plan is to get rid of businesses that lose

money and embark on the course he took in Europe: slashing suppliers with the help of his restructuring chief, a Spanish-born GM engineer, J. Ignacio Lopez de Arriortua. Mr. Lopez, quickly dubbed "The Grand Inquisitor" in America's Rust Belt, is not expected to be able to work his magic right away.

But the annual balance sheet showed other scars resulting from Mr. Stempel's strategy. GM took a charge of \$794 million for its Hughes Aircraft Co. subsidiary,

which is shrinking from the loss of military contracts. It also wrote down \$744 million from the value of its unprofitable National Car Rental subsidiary, which is being slimmed down and reorganized. And it sold its stake in Korea's Daewoo Motor Co. for an after-tax gain of \$163 million.

In analyzing the numbers, it was difficult to separate the influence of the stronger U.S. economy on sales from that of the new regime's cost savings, but Mr. Jouppe said the savings were definitely there.

"They are cutting back on their unprofitable fleet business on the sales front, and they are risking the penalty of breaking contracts to get the company profitable, whatever the price," he said.

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NASDAQ

Thursday's Prices
NASDAQ price as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld PE	52 Wk High	Low	Latest Chg
44	34	IBM	3.00	12.5	44	34	+1.00
40	30	Microsoft	0.00	15.0	40	30	+1.00
35	25	Oracle	0.00	18.0	35	25	+1.00
30	20	Sun	0.00	20.0	30	20	+1.00
25	15	Intel	0.00	22.0	25	15	+1.00
20	10	HP	0.00	24.0	20	10	+1.00
15	5	Motorola	0.50	26.0	15	5	+1.00
10	0	IBM	0.00	28.0	10	0	+1.00
5	0	Microsoft	0.00	30.0	5	0	+1.00
0	0	Oracle	0.00	32.0	0	0	+1.00

12 Month High	Low	Stock	Div	Yld PE	52 Wk High	Low	Latest Chg
100	80	AT&T	1.00	10.0	100	80	+1.00
90	70	Verizon	0.50	11.0	90	70	+1.00
80	60	WorldCom	0.00	12.0	80	60	+1.00
70	50	Sprint	0.00	13.0	70	50	+1.00
60	40	Qwest	0.00	14.0	60	40	+1.00
50	30	Level 3	0.00	15.0	50	30	+1.00
40	20	Southwest	0.00	16.0	40	20	+1.00
30	10	Delta	0.00	17.0	30	10	+1.00
20	0	American	0.00	18.0	20	0	+1.00
10	0	United	0.00	19.0	10	0	+1.00
0	0	Continental	0.00	20.0	0	0	+1.00

12 Month High	Low	Stock	Div	Yld PE	52 Wk High	Low	Latest Chg
150	120	Johnson & Johnson	2.00	10.0	150	120	+1.00
140	110	Pfizer	1.00	11.0	140	110	+1.00
130	100	Merck	0.50	12.0	130	100	+1.00
120	90	Roche	0.00	13.0	120	90	+1.00
110	80	Novartis	0.00	14.0	110	80	+1.00
100	70	Schering-Plough	0.00	15.0	100	70	+1.00
90	60	Amgen	0.00	16.0	90	60	+1.00
80	50	Genentech	0.00	17.0	80	50	+1.00
70	40	Amgen	0.00	18.0	70	40	+1.00
60	30	Genentech	0.00	19.0	60	30	+1.00
50	20	Amgen	0.00	20.0	50	20	+1.00

12 Month High	Low	Stock	Div	Yld PE	52 Wk High	Low	Latest Chg
100	80	Boeing	0.00	10.0	100	80	+1.00
90	70	Lockheed Martin	0.00	11.0	90	70	+1.00
80	60	Northrop Grumman	0.00	12.0	80	60	+1.00
70	50	Raytheon	0.00	13.0	70	50	+1.00
60	40	Boeing	0.00	14.0	60	40	+1.00
50	30	Lockheed Martin	0.00	15.0	50	30	+1.00
40	20	Northrop Grumman	0.00	16.0	40	20	+1.00
30	10	Raytheon	0.00	17.0	30	10	+1.00
20	0	Boeing	0.00	18.0	20	0	+1.00
10	0	Lockheed Martin	0.00	19.0	10	0	+1.00
0	0	Northrop Grumman	0.00	20.0	0	0	+1.00

12 Month High	Low	Stock	Div	Yld PE	52 Wk High	Low	Latest Chg
100	80	3M	0.50	10.0	100	80	+1.00
90	70	Eastman Kodak	0.00	11.0	90	70	+1.00
80	60	Amgen	0.00	12.0	80	60	+1.00
70	50	Genentech	0.00	13.0	70	50	+1.00
60	40	Amgen	0.00	14.0	60	40	+1.00
50	30	Genentech	0.00	15.0	50	30	+1.00
40	20	Amgen	0.00	16.0	40	20	+1.00
30	10	Genentech	0.00	17.0	30	10	+1.00
20	0	Amgen	0.00	18.0	20	0	+1.00
10	0	Genentech	0.00	19.0	10	0	+1.00
0	0	Amgen	0.00	20.0	0	0	+1.00

SPORTS SKIING

Arkansas Fends Off Kentucky, 101-94 'Your-Turn, My-Turn' Play Does Job in Last 2 Minutes

Freshman Corliss Williamson and senior Robert Shepherd had an answer each time second-ranked Kentucky got close in the final two minutes, and No. 14 Arkansas held off the visiting Wildcats, 101-94.

COLLEGE BASKETBALL

Arkansas (16-4, 7-3 SEC) played without Corey Beck, the suspended guard who was arrested on a drunken driving charge over the weekend, and got 20 points from Shepherd and 16 from Scotty Thurman, who had 14 in the first half.

Wake Forest 94: The Seminoles (18-4, 8-2 ACC) moved into a first-place tie with North Carolina as Bob Sura scored 22 points and Douglas Edwards got 21. Visiting Wake Forest (15-4, 6-3), which had a seven-game winning streak ended, got 26 points from Rodney Rogers.

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Urs Lehmann flew down the mountain to win the only race that really matters in Switzerland.

Swiss Salvage a Victory In World Cup Downhill

SHIZUKUISHI, Japan — Urs Lehmann of Switzerland, winning the only race that really matters in his mountainous homeland, took the men's downhill title Thursday in the World Alpine Ski Championships by beating Aude Skarard of Norway and A.J. Kitt of the United States.

In the women's downhill, Kate Pace of Canada, wearing a cast to protect a broken wrist, and Astrid Loedelmel of Norway came from out of the pack to finish 1-2 and relegate the early leader, Anja Haas of Austria, to third place.

Lehmann ended Norwegian domination of the men's events in these championships and helped Switzerland save face after its leading downhillers finished well back. Skarard led until Lehmann, the 20th starter, confirmed that his best time in Wednesday's final practice session was an fluke. He was .60 second faster than Skarard through the toughest part of the Mount Takakura course, a nasty, fallaway left turn that was extremely icy. He finished in 1 minute, 32.06 seconds.

flats by running through the runs left by previous racers.

Even though Lehmann led Wednesday's practice, he wasn't given much chance in the race. After all, he'd never won a World Cup downhill and had three solid championships from the Swiss team racing ahead of him.

One of them, Daniel Mahrer, was among the favorites because his gliding style so suited this relatively flat course. Mahrer faced well through the icy left-hand turn, but mistimed the second jump and had to bail his arms in midair to regain balance.

Mahrer finished in 1:34.13 and Skarard certainly had to be thinking about the gold when the next racer, World Cup and world champion Franz Heinzer of Switzerland, fell short of the Norwegian by almost a second. But Skarard didn't celebrate, because he knew that this course, ravaged by wind, rain and snow for a week, has a back-of-the-pack bias. No skier from the first seed won any of the training runs. Sure enough, Lehmann came out of the second seed to change Skarard's medal to silver.

day, and then only on the combined portion. Again Wednesday, they were limited to the shorter trail and were thus forced to use it on race day.

In the women's race, Haas was looking solid for gold after the three-pronged German attack of Regina Haeussli, Miriam Vogt and the World Cup downhill leader, Katja Seizinger, failed to dislodge her. Although Pace had trained well, it just did not seem possible that a woman with a broken wrist could beat the best racers in the world.

"I had dreamed of winning a race like this," said Pace, who will turn 24 on Saturday. "I tried to focus on this during training."

"I've been waiting for this for so long, and I've been patient through all my injuries and all my good training runs, and I think that's what paid off today."

Pace was superb on the top of the course, putting up an advantage of a half-second in the section of flats. Haas skied very well on the turny bottom portion, but Pace was able to use that broken wrist well enough to hold onto the lead by .28 seconds at the end with a time of 1:27.38.

A Double Standard On Michael Jordan?

INDIANAPOLIS — Players in the National Basketball Association have long complained that referees have a double standard when it comes to making calls against Michael Jordan.

The Indiana Pacers added their voices to the conspiracy theory Wednesday night after Jordan was not ejected — but Reggie Miller was — following a pushing-and-shoving match between the two in Chicago's 115-104 victory.

"That just shows you how high we are — at the bottom of the totem pole," Miller said. "And they are at the top. They're still running the league. He's running the league."

The fight started after Miller jumped Jordan with a forearm while making a tip-in that gave Indiana a 22-14 lead. As Miller ran up court, Jordan caught up and the two began to grapple. Jordan head-butted Miller, both players threw punches and both benches emptied.

Referees Jess Kersey, Ronny Nunn and Ted Barnhardt huddled for several minutes before announcing that Miller had gotten an elbowing foul and a technical foul for throwing a punch. He was ejected. Jordan got nothing.

The Pacers' coach, Bob Hill, flung down his clipboard and shattered it, earning himself a technical and an ejection.

"The ejection came because [Miller] threw a punch," Kersey told a pool reporter, adding that the referee said he did not see Jordan throw a punch.

"There's little doubt — no, there's no doubt — Michael Jordan should have been thrown out of the game," Hill said. "He clearly threw a punch that landed."

"He threw a punch, the first punch," Miller said.

Retarded Jordan: "There wasn't a double standard when he knocked me out of bounds."

Jordan went on to score 40 points, his sixth straight game with at least 30, as Chicago ended a nine-game road trip with a 6-3 record.

Last Dates Set For U.S. Cup

CHICAGO — The U.S. Cup '93 match between Brazil and Germany will be played at RFK Stadium in Washington, D.C., on June 10, the U.S. Soccer Federation said Thursday in completing the venue assignments for tournament.

The England-Brazil match, originally scheduled for June 12 in RFK Stadium, was moved to June 13 to allow Brazil a second day of rest following its June 10 match.

Cluh Brugge won its appeal against having to play the European Cup semifinal against Glasgow Rangers in an empty stadium on March 3. But UEFA's appeals board leveled one of its heaviest fines, 250,000 Swiss francs (\$158,000), because of disturbances created by the Belgian champion's supporters at a December match in Marseille.

Diego Maradona had a one-match suspension overturned, and will be warned and fined instead, the Spanish football federation's appeal committee said. Maradona was suspended because of Saturday's match between Sevilla and Deportivo, when a high kick out defender Alberto Albistegui's nose. Maradona said it was an accident.

German, Italian Win in Biathlon

BOROVETS, Bulgaria (AP) — Petra Schaub of Germany beat Myriam Bédard of Canada by more than 15 seconds Thursday to win the women's individual 15-kilometer race at the World Biathlon Championship.

Svetlana Paramuchina of Belarusia was third. In the men's 20-kilometer competition, Andreas Zingerle of Italy won the gold medal with Sergei Tarasov second and another Russian, Andrei Tchepikov, finishing third.

Inna Privalova of Russia set a women's 60-meters world indoor record of 6:92 seconds in Madrid, beating the mark of 6:96 set on the same track by Merlene Ottey of Jamaica a year ago.

Earvin (Magic) Johnson is to speak at an international symposium on AIDS in Tokyo on March 25, officials said.

Lebanon was chosen Thursday to play host to the 8th Pan Arab games in 1996.

Mike Smola was hired as the as tight ends coach of the Chicago Bears; Smola, 28, spent the last two years as an assistant to his father, Don, with the Miami Dolphins.

SIDELINES Favorites Faded in Hong Kong Golf

HONG KONG (Reuters) — Defending champion Tom Watson and Seve Ballesteros were left trailing little known American professional Brian Watts in the first round of the Hong Kong Open golf tournament on Thursday.

Watts shot 8-under-par 63, one off Nick Faldo's course record, for a lead of three shots over Ray Stewart of Canada. The 26-year-old Watts, who lost his U.S. Tour card last year, was nine ahead of Watson and 11 in front of Ballesteros.

Dave Rummells shot a course-record 9-under-par 63 at the PGA West course to hold a two-shot lead over Mark Hayes, Nolan Henke and Donnie Hammond after one round of the Bob Hope Golf Classic in La Quinta, California.

The Monte Carlo Open scheduled for June 30-July 3 has been canceled because of sponsorship problems and the Irish Open moved from June 10-13 to July 1-4, the PGA European Tour said.

German, Italian Win in Biathlon

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Braves Sign Smoltz To \$16-Million Deal

NEW YORK Times Service

NEW YORK — When the Atlanta Braves signed Greg Maddux two months ago, they were credited with having put together the best starting pitching rotation in the major leagues. Now they have the best-paid one as well.

The Braves completed a two-month signing spree on Wednesday, reaching agreement with John Smoltz on a four-year contract worth \$16 million. They signed Maddux on Dec. 9 for five years and \$28 million, and in between, they locked up Tom Glavine's services with a four-year, \$20.5 million contract.

Smoltz, whose arbitration hearing had been scheduled for Thursday, became the second-highest-paid player among those with fewer than five years in the major leagues. Only outfielder Ken Griffey Jr. of Seattle, with a contract averaging \$6 million a year, has it better.

The 25-year-old Smoltz has compiled a 27-14 record and a 2.71 earned run average the last season and a half. He also has a 5-0 record and a 2.13 era in post-season games in that period. After earning \$1.6 million last season, Smoltz sought \$3.5 million in arbitration. The Braves countered with a \$2.9 million offer, but they negotiated a long-term deal with Myles Shoda, the pitcher's agent.

Smoltz will receive a \$1 million signing bonus and salaries of \$2.25 million, \$3 million, \$4.5 million and \$5.25 million. Combined, Smoltz, Maddux and Glavine will earn \$12.75 million this year and escalate to \$17.25 million in the fourth year of each of their contracts. Steve Avery and Pete Smith, the two other pitchers expected to be in the Braves' rotation, have not signed 1993 contracts.

Todd Stittgeny, who earned \$1.2 million last year, and the Toronto Blue Jays reached agreement on a \$3,325,000 salary, \$50,000 above the midpoint between their arbitration figures. Under their agreement, Stittgeny will receive \$1 million in advance, an unusual step in an arbitration negotiation.

Ryan's Last Season Nolan Ryan, the all-time strike-out leader and the pitcher of a record seven no-hitters and 319 victories, will retire after the 1993 season, his 27th in the major leagues. The Associated Press reported.

"Nolan walked in this morning and said, 'I've been thinking about it for a while and I want this to be my last season,'" Tom Schaffer, the president of the Texas Rangers said Thursday.

Ryan, 46, has 5,668 career strike-outs and a record of 319-287, but was only 5-9 last season, his lowest victory total since winning six games games for the New York Mets in 1969. Though he struggled, Ryan still struck out 157 batters in 1575 innings.

With his first appearance this season, Ryan will become the first player in major league history to appear in 27 different seasons. He is now tied with Deacon McGuire and Tommy John at 26.

Quotable

Mark Eaton of the Utah Jazz, after making 10 consecutive shots during a six-game stretch: "When they're all dunks, you should make most of them."

Promoter Don King, talking about Julio Cesar Chavez's fight Feb. 20 in Mexico City: "He speaks English, Spanish and he's bilingual, too."

SCOREBOARD

BASKETBALL

NBA Standings

Table with columns for Eastern Conference (Atlantic, Central, Pacific) and Western Conference (Midwest, Pacific) showing team names and records.

CRICKET

SECOND TEST MATCH

Table showing cricket match results between India vs. England, South Africa vs. West Indies, and South Africa vs. West Indies.

SKIING

WORLD ALPINE CHAMPIONSHIPS

Table showing results for Women's Downhill, Men's Downhill, and Women's Slalom.

SOCCER

EUROPEAN SUPER CUP

Table showing soccer match results including Werder Bremen vs. Borussia Dortmund, Arsenal vs. Wimbledon, and others.

Major College Scores

Table listing scores for various college basketball games across different divisions.

HOCKEY

NHL Standings

Table showing NHL standings for the Wales Conference and Patrick Division.

WEDNESDAY'S RESULTS

Table listing results for various sports events including tennis, basketball, and soccer.

INTERNATIONAL CLASSIFIED

Advertisement section containing various classified ads for real estate, business services, and employment opportunities.

POSTCARD

Cairo's Veiled Chic

By Youssef M. Ibrahim
CAIRO—The Salam Shopping Center for Veiled Women is the powerhouse of Muslim fundamentalist chic in Egypt...

class communities. In the last 10 years, the veil began to appear as a political and social statement...

The result is row after row of dresses that come in the gaudiest of pink, purple and turquoise...

"We offer this step-by-step approach here. It is not only a commerce. It is a service for Islam and piety...

Prado Expansion Divides Madrid

By Alan Riding
New York Times Service

MADRID—The Prado has felt neglected of late. Last year, it lost Picasso's "Guernica" to the new Reina Sofia art center...



Madrid likes the classical facade of its Prado, but the Museum needs more space.

Now, tired of waiting and inspired by the examples of the Louvre in Paris and the National Gallery in London, the Prado has decided to build its own extension...

and green areas. Visitors would now enter the Prado through the extension, and pass through a large reception hall into the museum itself...

to do so," Garin said. "But, yes, we're talking of the Prado of the year 2000."
The new Reina Sofia, which blackened the Prado's eye by taking Picasso's "Guernica"...

PEOPLE

Jackson Speaks! Live!

Michael Jackson says the man in the mirror has had a little work done so his nose and chin but not the rest of his face...

In the wide-ranging interview at his ranch in Santa Ynez, California, Jackson sought to dispel endless rumors about cosmetic surgery...



Jackson during TV interview.

"There is no such thing as skin bleaching," he said. "I've never seen it. I don't know what it is." He said his disorder began after the 1982 release of his "Thriller" album...

shirt with epaulettes, dark pants and an ammband. By confronting rumors about his personal life, he said, he hoped his fans could focus on his art...

WEATHER

Weather forecast section including maps of Europe, North America, and Asia, with temperature and precipitation data for various regions.

Table with weather data for various cities, including temperature, high/low, and wind speed.

CROSSWORD

Crossword puzzle section with clues for across and down words, and a grid for solving the puzzle.

BOOKS

RUSSIAN POPULAR CULTURE: Entertainment and Society Since 1900
By Richard Stites. 286 pages. \$44.95; paperback \$14.95. Cambridge University Press.

Richard Stites uses largely ignored sources—detective stories, science fiction, rock jokes and circus and vaudeville routines—to reveal a side of Russian life largely unknown in the West.

The Soviet state often lost in this struggle between official proletarian values and popular ones. When offered a choice, the public preferred entertainment—boulevard novels, gypsy music and Russia's version of vaudeville, estrada...

the near or far future of Russian popular culture—or of any major aspect of life. For our Western, primarily American trends, seem to predominate. But as "Russian Popular Culture" shows, these imported fashions, like many earlier ones, are likely to be transformed eventually into something authentically Russian.

By Alan Truscott
ON the diagrammed deal, consider whether you would prefer to play in diamonds with a 7-1 fit, or spades with a 4-4 fit.

decision when the heart king was led and the dummy appeared. He knew he would have made five diamonds, and was now in jeopardy in five spades doubled.

trump lead to the queen at the second trick, followed by diamond plays.

BRIDGE section containing a diagrammed deal and a list of bridge-related terms and scores.

Large advertisement for AT&T USADirect Service, featuring a clock image and the slogan 'Now good news can travel even faster.' Includes a list of international access numbers.